

Annual Report 19/20



We are AcadeMedia

AcadeMedia is the leading and single largest independent education provider in northern Europe and the second largest education provider in Sweden, second only to the City of Stockholm.

In Sweden we operate across the entire education ladder: preschool, compulsory school, upper secondary school and adult education. In Norway and Germany, AcadeMedia only operates preschools.

CHILDREN, STUDENTS AND ADULT PARTICIPANTS*

182,500

UNITS*

661

EMPLOYEES*

17,600

SALES
SEK million

12,271

OPERATING PROFIT
SEK million

973

OPERATING PROFIT/LOSS excl. effects of IFRS 16
SEK million

763

*Average per year

Students at Framtidsgymnasiet in Malmö





Our operations



SWEDEN:

Preschools*: 144
 Compulsory schools*: 74
 Upper secondary schools*: 143
 Adult Education 150
 Number of students/participants 169,644
 Employees: 13,940
 Share of sales: 80 percent



NORWAY

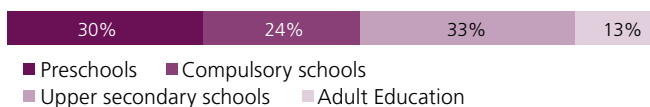
Preschools: 104
 Number of preschool children: 9,505
 Employees: 2,754
 Share of sales: 16 percent



GERMANY:

Preschools: 47
 Number of preschool children: 3,284
 Employees: 901
 Share of sales: 4 percent

Net sales per segment

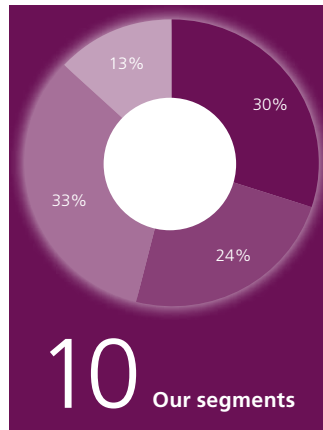


Operating profit per segment (excl. effects of IFRS 16)



*Average per year





This Annual Report contains some purchased photos. Normally, we take photos for our larger productions in the spring, but this was not possible this year because of the ban on visitors implemented during the Covid-19 pandemic.

The cover photo was taken at Pops Academy in Umeå.

THIS IS ACADEMEDIA

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About the annual and sustainability report.

This is AcadeMedia's annual and sustainability report. The formal annual accounts can be found on pages 54–116. The statutory sustainability report is part of AcadeMedia's sustainability report and can primarily be found on pages 26–53. The sustainability report is inspired by Global Reporting Initiatives Standards and meets sustainability reporting requirements stipulated by the Swedish Annual Reports Act.

The year in brief

Net sales: SEK 12,271 million (11,715)

Operating profit/loss: SEK 973 million (635)

Operating profit/loss excl. effects of IFRS 16: SEK 763 million (635)

Operating profit/loss adjusted for items affecting comparability and effects of IFRS 16: SEK 728 million (634)

Operating profit/loss, excl. effects of IFRS 16: SEK 549 million (431)

Earnings per share excl. effects of IFRS 16: SEK 5.21 (4.09) SEK basic and diluted

	2019/20	2019/20, EXCL. EFFECTS OF IFRS 16	2018/19	CHANGE
Net sales, SEK m	12,271	12,271	11,715	4.7%
EBITDA, SEK m	2,486	1,102	931	18.4%
EBITDA margin	20.3%	9.0%	7.9%	1.1 p.p.
Operating profit/loss (EBIT), SEK m	973	763	635	20.2%
EBIT margin	7.9%	6.2%	5.4%	0.8 p.p.
Adjusted EBIT, SEK m	728	728	634	14.8%
Adjusted EBIT margin	5.9%	5.9%	5.4%	0.5 p.p.
Net financial items, SEK m	-417	-56	-69	18.8%
Profit/loss before tax, SEK m	556	707	566	24.9%
Profit/loss for the period, SEK m	431	549	431	27.4%
Earnings per share, basic (SEK)	4.09	5.21	4.09	25.0%
Earnings per share, diluted (SEK)	4.09	5.21	4.09	25.0%
Number of children and students	82,433	82,433	79,493	3.7%
Dividend	SEK 1.50*	SEK 1.50*	SEK 1.25	SEK 0.25
Number of full-time employees	12,686	12,686	12,405	2.3%

* Proposed dividend. Resolution to be taken at the 2020 shareholders' meeting.

SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

- On 1 July 2019, AcadeMedia's new segment structure went live. It is now based on four segments, Preschool, Compulsory school, Upper secondary school and Adult education. The reorganisation includes all independent preschools and will combine all Swedish and international preschools into one new segment. In addition, AcadeMedia's compulsory schools formed a separate segment in the Group's segment reporting. *Read more about AcadeMedia's segments on pages 10-21.*
- In Norwegian preschools, a new requirement was introduced regarding staff density, effective 1 August 2019. Due to Norwegian school vouchers being based on accounts that are two years old, there will be a temporary decline in profitability, since school voucher funding during the transition period does not compensate for the cost increase. Since 1 August 2018, a requirement for a certain number of preschool teachers per child has also applied.
- On 1 November 2019, Katarina Wilson took over as AcadeMedia's new CFO, replacing former CFO Eola Änggård who left the company. *Read more about AcadeMedia's Group management on page 74*
- In November 2019, the number of shares and votes in AcadeMedia AB increased, following an issue of new shares on redemption of warrants in the warrant programme for members of Group management that was authorised at the extraordinary meeting of shareholders, held on 1 June 2016 (Warrant Programme 2016). *Read more about the AcadeMedia share and our shareholders on pages 122-123*
- Over the year, the Adult Education segment delivered strong improvement in earnings and margins. The composition of the segment has changed through various actions taken, and the more profitable parts represent a higher proportion. During the year, operations associated with higher vocational education demonstrated excellent growth and two important contracts in municipal Adult Education were renegotiated where appropriate because of existing market share. *Read more about our Adult Education segment on pages 20-21.*
- The Covid-19 pandemic that began mid-March led to extensive operational changes. Preschools in Norway and Germany were closed and all Upper secondary schools and Adult education in Sweden shifted to distance education. Preschools and Compulsory schools were kept open throughout the spring. *Read more about the effects of management of the pandemic on pages 10-21.*



CEO'S COMMENTS

We are driven by the desire to create a better future

AcadeMedia consists of people driven by the idea of creating a better and more sustainable society, people who want to achieve positive change based on education and learning. This was clearly demonstrated during the Covid-19 pandemic when our employees showed a fantastic ability to adapt, both personally and through their work, to a completely new and unexpected situation. Large parts of our Swedish operations were converted to distance education, while our operations in Norway and Germany were partially closed.

We have learnt many lessons, especially in the field of digitalisation, which will be of great benefit in the future. Increased digitalisation is an important part of AcadeMedia's vision of being involved in shaping the future of education. The expertise and technology that were accumulated over many years helped us to cope with the rapid and, for many, tumultuous changes that we faced last spring.

Throughout this turbulence, we adhered to our core mission, while continuing to work with a long-term perspective on company growth.

Clear educational concepts create success

Within AcadeMedia, there are 37 different education concepts in our various operations, including Hermods, Pyslingen, Rytmus, and ProCivitas. Each operation has a defined educational concept and meets a clear need. The large number is a challenge in itself, but it is also a major asset. We can combine the strength of a large company with the speed, clarity and business skills of a small organisation. Our strategic framework, Roadmap 2023, describes the route towards our vision, which is to lead the development of the education of the future. During the year, we took important steps in the right direction.

One concrete result is the development work that occurred within our Compulsory School segment; which previously consisted of Vittra, Pops Academy and Pyslingen Schools. During the autumn, these three educational profiles will become five. Noblaskolan focuses on academic results. Montessori Mondial provides a modern, results-oriented Montessori education. Pops Academy focuses on students with creative ambitions and high demands. Vittra combines humanities-based compulsory school with conscious learning, while Pyslingen Schools represent both tradition and innovation. It will be extremely exciting to follow these five on their respective development journeys.

One important reason for their change is that both students and staff should know what they can expect from the school. Everyone benefits from clarity and diversity, especially those children - and their guardians - who find it difficult to choose. Knowing what they will find and feeling that others who choose the same school share similar interests and ambitions increases their sense of security, while laying the foundation for success.

Our compulsory schools have gained experience from the upper secondary schools' work to clearly and easily describe what students can expect from the school they apply to and thus increase both attractiveness and efficiency. The main goal is to help students make choices right from the beginning. No one should have to start school with the discovery that their choice does not meet their expectations.

Leading remote and distance education provider

On 18 March 2020, the Swedish government decided that all upper secondary schools and adult education should be conducted through distance education. The transition was carried out at very short notice, and exceeded expectations. From before, the Adult Education segment had extensive experience from distance education and develop and run

some of the leading distance education platforms in Sweden. Those who work most with distance education are NTI-skolan, which focuses completely on this approach, and Hermods, which has worked with distance education for over 125 years. The combination of good technology and experience using it was also found at the upper secondary school level.

We have long advocated for greater use of distance education and were therefore well prepared for it, with both technical platforms and experience. As a result of the Covid-19 pandemic, distance education has been tested on a broad front and has been further developed. However, we can never underestimate the value of the interaction among students, and between students and teachers, which happens when everyone is in the same physical space. I am convinced that in certain circumstances, remote learning is a good supplement for some students. We need to take advantage of the rapid development and learning curve that all education in Sweden experienced during the spring. If we do this wisely, we can improve the quality of education, especially through increased flexibility and personalisation.

During Covid-19, the majority of education was provided through remote teaching, with students simply following the usual schedule of teacher-led lessons, but have moved online. Teachers have been able to hand out assignments, divide large groups into smaller ones and constantly maintain contact with everyone - as well as let students work on their own part of the time. Each lesson ended with a check-out procedure that enabled teachers to check that everyone who logged in to the lesson also kept up with the lesson. Let us continue the discussion about how this can be part of education in a post-pandemic world.

Preschool for the future

A few years ago, the Swedish Public Health Agency conducted a research literature review to answer the question of the importance of preschool for child development. It showed that children who attended preschool perform better than other children in language and mathematics. Their mental health is better and they get fewer infections. As adults, they achieve higher levels of education and higher levels of income compared with children who did not attend preschool.

The benefits to society are also great. Gender equality is higher, more people can work when (usually) the mother does not have to be at home with the children. In Germany, where many women interrupt their careers to stay home full time after the arrival of the first child, this is an important issue.

One reason for this is the high shortage of preschool places in Germany. We already have a substantial presence in Germany and both the potential and the rate of expansion are high.

One effect of the Covid-19 pandemic when the preschools in Germany and Norway were closed, a variety of methods were developed to support families with children at home. The preschools organized digital meetings and produced various types of educational material so that children could continue their preschool journey even though they were at home with the family. We believe that this can become an important part of our development of teaching tools within the preschool and can provide substantial support for children who may need to be at home for an extended period of time. Read more about this in our sustainability report on pages 40-41.

Major focus on vocational education and labour market

Even before the Covid-19 pandemic, the Swedish Public Employment Service labour market forecast showed that unemployment was expected to increase in 2020. Rising long-term unemployment, skills supply, the entry of foreign-born people in the labour market and cutbacks and reforms within the agency were pointed out as major challenges at the time. The Covid-19 pandemic, which is still ongoing, has worsened the labour market situation, and unemployment figures are significantly worse than what was predicted. In a rapidly changing labour market, education is the key to society being able to adjust and keep unemployment at a low level. More people need to develop skills, more people need to change careers, and more people need to complete education programmes that are in demand by employers. Flexibility must increase. In traditional industries such as the trades, childcare and healthcare, where there is a shortage of trained personnel, vocational and professional education at both the upper secondary and college levels is crucial for us to be able to meet the welfare needs of society going forward.

AcadeMedia is Sweden's leading provider of adult education and labour market services. Initiatives that have been carried out, such as increasing the number of places in higher vocational education, did well. However, they still do not meet the needs of the record-high number of people who want to study. Higher vocational education prioritises those areas where there is greatest need for specialist skills and where prospects for getting a job after graduation are most promising.

In the middle of the summer, we were pleased to hear that we would sign the contract with the City of Stockholm for another four years to provide municipal adult education. Unemployment is rising mainly among young people and people born abroad, with those who have not completed upper secondary school hit hardest. Students who attend Municipal Adult Education to fill in upper secondary school gaps have a greater chance of getting a job than those who do not have a relevant education. We are

extremely pleased that five of AcadeMedia's operations (Eductus, Hermods, Kompetensutvecklingsinstitutet, NTI-skolan and Movant) will admit and educate municipal education students for the City of Stockholm.

Good earnings and strengthened financial position

Although the coronavirus pandemic has had a substantial impact on operations, the economic impact has been limited. We have a sound financial position, with strengthened performance and increased profitability. The biggest difference compared with previous years is the turnaround in our Adult Education segment, where we also see strong demand moving forward. The segment is doing so well because we managed to limit the impact of loss-bringing contracts with the Public Employment Service at the same time that contracts in other operations expanded. Operating profit showed growth both in the fourth quarter and for full year 2019/20, which is largely attributable to the recovery in adult education. Organic growth for the year was over 5 percent.

The new AcadeMedia model will improve quality and increase transparency

When AcadeMedia published its first quality report in 2011, many reacted positively to the transparency we showed. We described how our students were doing, including what we did well, and what we did less well. The contents of the quality report are based on our quality model, the AcadeMedia model. In recent years it has been further developed from a quality model to a quality management system. We continue to gather and analyse all of our results and have recently added a sharp focus on the various processes and conditions that enhance performance in everything from learning to innovative development.

The AcadeMedia model is also an important part of our sustainability work. It systematically develops not only the education programme but also other focus areas. Of course, education is the most important aspect. Quality education for all is one of the UN's global goals, and is thus at the core of our sustainability work, which you can read more about in our sustainability report, found on pages 26-53 of this annual report. There you will also meet some of our approximately 17,600 employees, who describe how the Covid-19 pandemic affected them and their various assignments. Our employees create opportunities for people to grow. Each year around 182,000 people choose to attend one of AcadeMedia's over 660 preschools, compulsory schools, upper secondary schools or adult education programmes.

All of us who work here are proud of these accomplishments.

*Marcus Strömberg
President and CEO*



BUSINESS CONCEPT, VISION AND GOALS

Northern Europe's leading education company

Students at Pops Academy in Umeå, a school that combines creativity with academic quality.



AcadeMedia's most important objective is to create conditions under which all children, students and adult participants can achieve the goals of their educational programme. We therefore have the overarching aspiration: '100% - everyone to achieve their goals'. With this benchmark, we create a culture that focuses on continuous improvement, and thus as a result our programmes will be the first choice for students, guardians and adult participants.

MISSION

Change through Education.

VISION

AcadeMedia will lead the development of tomorrow's education.

BUSINESS CONCEPT

AcadeMedia develops and conducts leading, distinct educational institutions under various brands across the education sector. We offer attractive, high-quality preschools, schools and adult education.

GOALS

- AcadeMedia's goal is to be a leader in learning, attracting personnel and students, efficiency and innovative development.
- AcadeMedia shall provide the highest-quality education in the areas where the Group operates.
- In 2023, AcadeMedia shall be the leading and most influential education provider in Europe.

STRATEGIES

- Clear focus on education and well-defined brands
- Knowledgeable and committed employees and managers
- Group-wide quality management model
- Continuous improvement and innovative solutions
- Long-term sustainable growth.

For a detailed description of our strategies, please see <https://corporate.academedia.se/om-academedia/strategier/>

FINANCIAL TARGETS

AcadeMedia's financial targets are unchanged from previous years. Adoption of the new rules on accounting for leasing in IFRS 16 has not affected financial targets, as targets are still defined and accounted for excluding the effects of IFRS 16.

GOAL	TARGET	OUTCOME 19/20	
Growth	5–7%	AcadeMedia's target for net sales growth is 5–7 percent annually for the Group, excluding major acquisitions.	5.4 (4.4%)
Profitability	7–8%	AcadeMedia's profitability target for operating profit (EBIT) excluding items affecting comparability should amount to 7–8 percent over time.	5.9 (5.4%)
Capital structure	<3.0x	AcadeMedia's target is for net interest-bearing debt to be no more than three times operating profit before depreciation and amortisation (EBITDA) excluding items affecting comparability. During brief periods, however, deviation from this target may occur, such as in connection with major acquisitions.	1.7x (2.4x)
Use of free cash flow	–	Free cash flow should primarily be reinvested. The surplus may be distributed to the shareholders, provided AcadeMedia meets its targets relating to quality and financial position.	SEK 1.50 per share* (SEK 1.25 per share)

Figures in parentheses relate to the previous year

* Proposed dividend. Resolution to be taken at the 2020 shareholders' meeting.



VALUES

Passion, trust, courage – together we are stronger.

SUSTAINABILITY GOALS

AcadeMedia constantly works to contribute to society and strives to help build a sustainable society by providing quality education for all, using resources responsibly and maintaining an ethical approach in everything we do. See also our sustainability report on pages 26-53.

We have chosen, together with our stakeholders, to focus on learning, employees, environment and transparency. We set the following overarching goals:

- Our children/students/participants shall achieve the learning goals for their respective school level (100% - everyone to achieve their goals).
- Our employees shall be satisfied with us as employers and recommend us to others.
- AcadeMedia aims to lead by example regarding in relation to environmental responsibility within the education sector.
- AcadeMedia aims to lead by example regarding transparency for companies that operate in the area of the public sector

DIVIDEND POLICY

AcadeMedia's main responsibility is to provide a quality education for the reimbursement received. This must be done as efficiently as possible. AcadeMedia's unrestricted cash flow will primarily be reinvested in the business in order to maintain high quality and to finance future growth. The surplus may be distributed to the shareholders, provided AcadeMedia meets its targets as to quality and financial position.

OUR SEGMENTS

AcadeMedia's four segments

PRESCHOOL

AcadeMedia's Preschool segment operates in three countries: Sweden, Norway and Germany. Our preschools offer educational diversity.

The Preschool segment was formed on 1 July 2019 when all independent preschools in Sweden, Norway and Germany were merged into a new segment.

Significant events during the year

- During the financial year, 19 new preschools were added to the segment. At the same time, four units in Germany were merged into two and in Sweden twelve units were closed or sold at the start of the financial year.
- Norwegian Espira's operating model was adapted to the staffing standards implemented from 1 August 2019.
- In Norway a new pension plan came into force and 90 percent of employees transferred to a defined-contribution pension scheme.
- In the middle of March all preschools in Germany and Norway were closed because of the Covid-19 pandemic; only children whose parents were considered to be essential workers were permitted to attend preschool. Swedish preschools remained open.

Financial performance

Given current circumstances, the Preschool segment had a good year. The low turnover and increase in student enrolment are attributable to the closure or sale of twelve Swedish units with a total of about 800 children on 30 June 2019. As expected, implementation of the new staffing standard and higher pension costs in Norway had a negative impact on both earnings and profitability. The closure of the preschools in Germany and Norway, due to the government decisions to limit the spread of Covid-19, also had an impact. In Germany, parental fees were reduced during the pandemic (SEK -2 million), though the negative impact was partially offset by lower costs and staff furloughs. The net impact on earnings was about SEK -8 million.

Adjusted operating profit (EBIT) declined to SEK 174 million (189). The profit margin was 4.7 percent (5.2). EBIT was SEK 226 million (189) and was impacted by SEK 53 million in items affecting comparability attributable to the transition to the new pension plan in Norway.

Fast facts

259 UNITS*
6 BRANDS
20,854 CHILDREN*
6,478 EMPLOYEES*
SALES SEK 3 707 MILLION
PROFIT ** SEK 226 MILLION

COMPULSORY SCHOOL

AcadeMedia's Compulsory school segment has schools throughout Sweden, from Kalix in the north to Malmö in the south. Educational diversity is considerable, and we offer several different streams.

The compulsory school segment was formed on 1 July 2019 when AcadeMedia's compulsory schools formed a separate segment.

Significant events during the year

- Student enrolment at the start of the autumn term increased during the year, including acquisitions, by 3.0 percent from 23,964 to 24,689 in the first quarter.
- Two compulsory schools were acquired during the year: Pops Academy with 330 students and Banérporten with 520 students.
- The annual quality survey showed a substantial increase in satisfaction at the compulsory schools. The percentage of students willing to recommend the school to others increased to 68 percent (65); the corresponding figure for guardians is 78 percent (74).

Financial performance

2019/20 was an extremely strong year for the compulsory school segment, with solid growth and margin performance. Higher student numbers at existing units, as well as bolt-on acquisitions combined with stable personnel costs, had a positive effect. Staff vacancies and delays in new recruitment also contributed, albeit temporarily. Covid-19 has not had any economic impact.

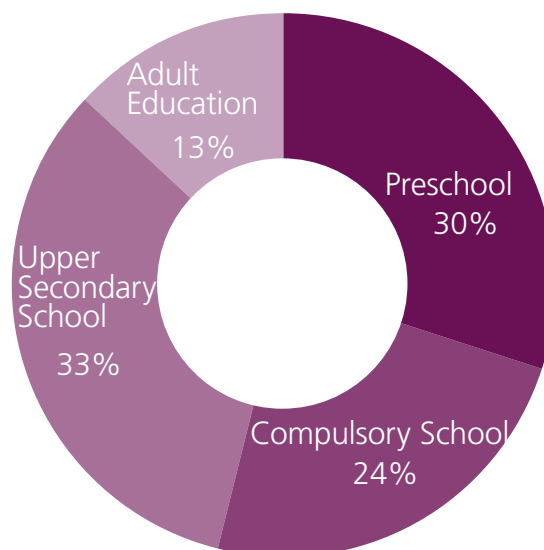
The average number of students increased by 3.8 percent, to 25,179 (24,265). Net sales increased by 5.2 percent to SEK 3,005 million (2,857). The adjusted operating profit was higher than a previous year, at SEK 176 million (145). The margin increased to 5.9 percent (5.1).

Fast facts

109 UNITS*
3 BRANDS
25,179 CHILDREN AND STUDENTS*
4,561 EMPLOYEES*
SALES SEK 3,005 MILLION
PROFIT ** SEK 176 MILLION

*Average per year
**EBIT excl. the effects of IFRS 16

Share of sales by segment



UPPER SECONDARY SCHOOL

AcadeMedia's Upper secondary school segment provides upper secondary education throughout Sweden, offering both university preparatory and vocationally oriented programmes.

Significant events during the year

- Four new units opened at the start of the autumn term in 2019, and student enrolment increased by 4.8 percent.
- At the Teacher Gala for the year in December, two AcadeMedia teachers received awards. The upper secondary school teacher of the year was Björn Grönqvist, who teaches at Klara Teoretiska Gymnasiet in Karlstad. The mathematics teacher of the year was Anders Månsson, from ProCivitas in Helsingborg.
- Because of the Covid-19 pandemic, all upper secondary schools switched to distance education beginning on 18 March.
- The Swedish Schools Inspectorate gave the green light to Praktiska Gymnasiet at both the unit and principal level after many comments during previous inspections.

Financial performance

The Upper secondary school segment continues to expand and gain market share. New establishments and additional new students at the ten new establishments from the autumn of 2018 and 2017, as well as the annual adjustment of school vouchers are the main reasons for the strong growth in student enrolment and sales during the year. At the same time, the segment's continued focus on quality, digitalisation and new start-ups also impacted earnings, causing a slight decline in profitability. Covid-19 has had a limited financial effect due to our transition to distance education.

The number of students rose 5.0 percent to 36,400 (34,653) and net sales increased by 6.4 percent to SEK 3,999 million (3,757). Growth was attributable to new establishments and higher revenue per student. Operating profit (EBIT) increased to SEK 365 million (364) and the operating margin was 9.1 percent (9.7). Adjusted operating profit was SEK 354 million (344).

Fast facts

143 UNITS*
14 BRANDS
36,400 STUDENTS*
4,445 EMPLOYEES*
SALES SEK 3,999 MILLION
PROFIT** SEK 365 MILLION

*Average per year

**EBIT excl. the effects of IFRS 16

ADULT EDUCATION

AcadeMedia's Adult education segment is the largest and leading provider of adult education in Sweden.

Significant events during the year

- The segment successfully implemented major changes during the year creating a better composition of services. The trend for activities associated with municipal adult education and higher vocational education has been favourable during the year.
- The segment accelerated efforts to develop digital services by launching the AcadeMedia EdTech business area.
- As a result of the Covid-19 pandemic, about 20,000 participants switched to distance learning beginning in the middle of March.
- During the year, AcadeMedia was awarded contracts for municipal adult education by both the City of Gothenburg and the City of Stockholm.

Financial performance

The Adult Education segment had a strong year, with an increase in earnings of almost SEK 100 million. During 2019/20, initiatives were undertaken to limit the effect of the loss-bringing contracts in fields such as Labour Market Services, while expanding the business in Municipal Adult Education and Higher Vocational Education. All business areas contributed to the improvement in earnings, driven in part by higher volumes. Quality improvement initiatives within higher vocational education have resulted in a lower drop-out rate and thus higher profitability. Labour market services stabilised with positive earnings for the spring. The transition to distance education because of Covid-19 has had a limited financial impact.

Net sales for the full year increased by 5.3 percent to SEK 1 557 million (1,478). Adjusted operating profit (EBIT) increased sharply to SEK 131 million (32). The margin was 8.4 percent (2.2).

Fast facts

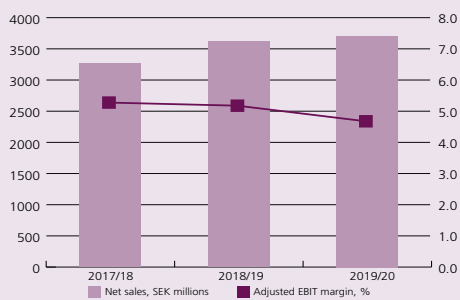
150 UNITS*
14 BRANDS
100,000 PARTICIPANTS*
1,331 EMPLOYEES*
SALES SEK 1,557 MILLION
PROFIT** SEK 131 MILLION



THE NUMBERS

PRESCHOOL (SEK M)	2019/20	2018/19	CHANGE
Net sales	3,707	3,619	2.4%
Sweden	1,241	1,290	-3.8%*
Norway	1,935	1,922	0.7%
Germany	530	406	30.5%
EBITDA	310	262	18.3%
EBITDA margin, %	8.4%	7.2%	1.2 p.p.
Depreciation/amortisation	-78	-68	-14.7%
Acquisition-related depreciation/amortisation	-5	-5	-
Operating profit/loss (EBIT)	226	189	19.6%
EBIT margin, %	6.1%	5.2%	0.9 p.p.
Items affecting comparability	53	-	-
Adjusted operating profit/loss (EBIT)	174	189	-7.9%
Adjusted EBIT margin, %	4.7%	5.2%	-0.5 p.p.
Number of children/students**	20,854	20,576	1.4%
Number of units**	259	254	2.0%
Capacity utilisation			
Sweden	91.4%	91.6%	-0.2 p.p.
Norway	90.9%	90.9%	0.0 p.p.
Germany	89.7%	90.3%	-0.6 p.p.

NET SALES AND ADJUSTED EBIT MARGIN



MARKET SHARE*** OF	2019/20	2018/19
INDEPENDENT MARKET		
Sweden	10.3%	11.1%
Norway	6.9%	6.8%
Germany	3.0%	n.a.
TOTAL MARKET		
Sweden	2.1%	2.2%
Norway	3.4%	3.4%
Germany	0.0%	0.0%

* At the end of 2018/19, 12 units in Sweden with approximately 800 children were sold or divested

** Average per year

*** Source: Sweden, the National Agency for Education's SIRIS database of the number of students in independent and municipal schooling, as well as the number of students enrolled with AcadeMedia. Norway, SBB. Germany, Destatis

OUR BRANDS

pysslingen
FÖRSKOLOR

espira
KUNNSKAPSBARNEHAGEN

espira
kinderbetreuung

STEPKE
Richtig gute KiTa.



joki

Pysslingen Preschools create a secure and stimulating world filled with possibilities. The photo comes from the Söderkulla preschool in Vaxholm.

Our Preschool segment is organised geographically, which is reflected in the description of the segment. The three markets in which we operate are Sweden, Norway and Germany.

PRESCHOOL SEGMENT: SWEDEN, NORWAY AND GERMANY

259 preschools in three countries

SWEDEN

Swedish preschools remained open during the coronavirus outbreak

During the year, Pyslingen preschools continued working on achieving even better, more consistent quality in our preschools. To help them to achieve these goals, several new quality tools were developed and all employees have been trained in our quality procedures.

During the period we also systematically worked with our values and our offering, while also promoting our new brand identity.

Activities were up and running

The spring was, of course, influenced by the Covid-19 pandemic and ensuring that all of our preschools focused on the safety and security of employees, children and guardians. Swedish preschools remained open through-

out the spring. The closure of schools and preschools across Europe resulted in preparedness for quickly closure if necessary. The planning included preparations to remain open for children whose guardians were essential workers, such as medical and nursing personnel.

At the end of March, absence among both employees and children was extremely high; up to 50 percent of children were periodically absent. As time passed, the absence rate declined and by the end of the financial year it had returned to normal levels. The absence rate was exceptionally high over the course of a few weeks because of illness, clear rules not to attend when symptoms are present and extensive concerns about becoming the spread of infection. The Public Health Agency issued two recommendations early on; one was social (physical) distancing, the other was that anyone showing the slightest symptom

of respiratory infection* should stay home until completely symptom-free. Social distancing in preschool is impossible. However, hand hygiene procedures were strengthened, more activities were conducted outdoors and external visits to preschools were kept to a minimum. Significant steps were also taken to ensure that children and staff did not come to the preschool when symptomatic.

The employees at the Swedish preschools did an amazing job during the spring. They ensured that all activities were up and running while creating a secure and nurturing environment for children. They also maintained contact with children who were not at the preschool and advised guardians about activities to engage children at home. All of these tips are now listed in a separate section on the website for Pyslingen Preschools.

**The guideline about what symptoms was updated during the spring*

Our focus on increased target achievement

Leading in learning

During the year, several quality tools were developed and implemented. One is "A day at preschool", which describes important actions during different parts of the day, and "Operation learning environment" which helps the preschools to analyse and develop their learning environments.

All employees also received training in the quality procedures to promote greater knowledge and understanding of how to achieve quality.

The preschool curriculum was revised in 2019, including clarification of the role of the preschool teacher and the concept of care.

Leading in attractiveness

We launched a new brand platform formulated with a clear purpose, values, and offerings and efforts to encourage its adoption by the entire organisation have continued. The new brand identity has now been fully implemented and the images of Pyss & Ling are now available in multiple formats. Examples include a backpack for a "Safety walk for children", the videos "Fix & Trix with Pyss & Ling" and the book "Pyss goes to preschool" as an introduction

for new children and guardians. This initiative has produced results. Recommendation ratings from guardians have increased from 83 to 87 percent.

A new careers page has been designed to present offerings and development opportunities for both new and existing employees.

Leading in efficiency

Hiring qualified temporary staff to work at preschools when needed is an important and time-consuming activity. To simplify the task for the preschools and to increase efficiency, a central recruitment function has been created. A digital tool for more convenient use of the service is under development and a beta version is currently being tested in parts of the organisation.

Leading in innovative development

The digital multilingual book service Polyglutt is available at all preschools to stimulate interest in language and reading.

In spring we created digital tours of our preschools so that guardians could get an idea of what we do without meeting in person.

NORWAY

Constant focus on increased quality

In recent years, Espira has continued to work on further improving quality at all of its preschools. The Espira BLIKK tool helps us to use a targeted approach to ensure that all children who attend any of our preschools will find a high-quality preschool that complies with Preschool Act regulations and the national curriculum.

Preschools closed during Covid-19 pandemic

On 12 March Norway announced that all preschools and schools would be closed as one of the measures to combat the Covid-19

pandemic. Preschools and schools were then partially closed until 20 April; only children whose parents who were considered to be essential workers and children with special care needs could attend preschool.

Espira was prepared. In late February, the crisis response was activated; a team was formed and tasked with supporting the preschools in all coronavirus-related issues during the spring.

Most Espira employees worked from home during the lockdown. They held voluntary digital meetings and created videos with educational tasks within the focus areas language, science and movement, which the

children and their guardians could work on at home.

After reopening, the Norwegian authorities implemented detailed guidelines to avoid the spread of infection in preschools. Espira follows these guidelines carefully; for example, the preschools reopened with reduced hours. As the Norwegian authorities gained control over the spread of infection, the hours were expanded and in late June most preschools had returned to their regular schedule.

Efforts to reduce the spread of infection in Norway continue and Espira is prepared to take any necessary measures should the situation change.

Our focus on increased target achievement

Leading in educational quality

In recent years, Espira has also invested considerable resources in developing its own quality management system, Espira BLIKK. The goal of Espira BLIKK is that any child who attends an Espira preschool will encounter a high-quality preschool. The operations must comply with the provisions of the Preschool Act, and the national curriculum for preschools. Another goal is for all preschools within Espira to work continually on quality development, and that Espira should be able to centrally measure and follow up on the quality of each preschool.

The methodology used in Espira BLIKK was inspired by and modeled on the ways in which AcadeMedia's Swedish preschools measure the extent to which national goals for preschool are achieved. The method is based on a joint quality management initiative involving all 104 preschools. Each preschool carries out a self-assessment, after which the unit is evaluated by employees from other preschools within Espira.

Good quality in the preschool is mainly achieved when employees have a reflective approach to work and a high level of education in interplay with the children. We use Espira BLIKK to evaluate quality in the preschool based on 24 national curriculum areas.

Leading in attractiveness

All Espira preschools are active on social media, especially Facebook and Instagram, to show parents the great work that is happening in our preschools. In addition, preschools have their own marketing plans and parent visiting days. Espira also centrally produces videos, photos and news articles to promote work at the preschools.

Leading in efficiency

Over the past year, Espira has substantially invested in various digital solutions to simplify life for our employees. For example, we implemented a new HR system. In addition, a new system for educational documentation and communication between preschools and parents was also developed during the year and launched in August 2020.

Leading in innovation

Espira participates in several different research projects in collaboration with universities and colleges in Norway. These projects include EnCompetence, which aims to raise the level of competence with respect to the physical environment in preschools.



Dance play at Espira in Norway.



Adventure in the forest outside one of our preschools in Germany.

GERMANY

Continued strong growth of preschools in Germany

Strong growth in Germany continues and in 2019/20 we carried out a substantial expansion of preschools with an increase in the number of children. The average increase was over 30 percent. All five states in which we operate saw growth: Berlin, Brandenburg, Bavaria, Baden-Württemberg and North Rhine-Westphalia.

AcadeMedia has four brands in the German preschool operation: Stepke in Berlin, Brandenburg and North Rhine-Westphalia, as well as Kita Luna, Joki and Espira in Bavaria and Baden-Württemberg.

Our growth is strong and attributable to the continued shortage of preschool places

in Germany. Currently, the need is estimated at more than 350,000 places; in North Rhine-Westphalia alone, the need is estimated at over 200,000 places.

Direct impact of the Covid-19 pandemic

The effects of the Covid-19 pandemic are, and have been, substantial in Germany. Both the central Cabinet and the state governments have implemented drastic and far-reaching measures to minimise the spread of infection. As a result, beginning on 14 March almost all preschools and schools were closed in the states where we have a presence. Only guardians who were considered to be essential workers were permitted to have their children in preschool.

The first phase of the lockdown lasted five weeks until after the Easter break. A new assessment was then carried out, followed by phase two, which expanded the number of guardians permitted to use the preschools. We advanced then from our lowest capacity utilisation of 5–10 percent to 10–15 percent of the total number of preschool places.

A third phase then began in the first week of June when “restrictive normal activities” were permitted, which meant that the preschools are open, but with specific restrictions such as lower child density, limited number of attendance hours and a gradual increase in the number of occupational groups that could leave their children in preschool. Attendance then increased to over 50 percent at the end of the financial year.

Our focus on increased target achievement

Retaining and recruiting new employees is crucial for our continued development in Germany. During the financial year we continued to develop our internal training academies, which offer a large number of education programmes to our employees. At the same time, we continually work on strengthening our recruitment procedures. A digital presence and a highly efficient application process are crucial for attracting new employees.

Each of our brands - Stepke, Kita Luna, Joki and Espira - is characterised by clear, well-defined and detailed concepts in learning, attractiveness, security and efficiency. The brands differ in purely visual terms and, to some extent, even how they work, but all preschools

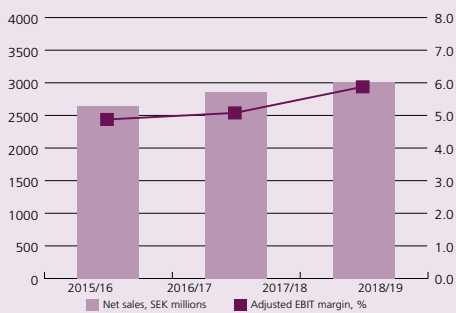
share the same requirements and desire to pursue a high level of quality and goal achievement. The Scandinavian preschool model has long been attractive in Germany, for which reason we have met with great success when opening preschools within the Espira concept, which originates from our sister operation Espira in Norway.

Since we continually work on opening new preschools, we place great emphasis on a high common level of quality and constant improvement. The purpose, of course, is to achieve a high level of satisfaction among care takers and thus quickly achieve full capacity at the preschools, which the authorities view as a requirement for us to be a successful preschool company.

THE NUMBERS

COMPULSORY SCHOOL (SEK M)	2019/20	2018/19	CHANGE
Net sales	3,005	2,857	5.2%
EBITDA	242	203	19.2%
EBITDA margin, %	8.1%	7.1%	1 p.p.
Depreciation/amortisation	-65	-60	-8.3%
Acquisition-related depreciation/amortisation	-1	-1	-
Operating profit/loss (EBIT)	176	141	24.8%
EBIT margin, %	5.9%	4.9%	1 p.p.
Items affecting comparability	-	-4	-100,0%
Adjusted operating profit/loss (EBIT)	176	145	21.4%
Adjusted EBIT margin, %	5.9%	5.1%	0.8 p.p.
Number of children/students*	25,179	24,265	3.8%
Number of units*	109	110	-0.9%
Capacity utilisation	93.0%	90.5%	

NET SALES AND ADJUSTED EBIT MARGIN

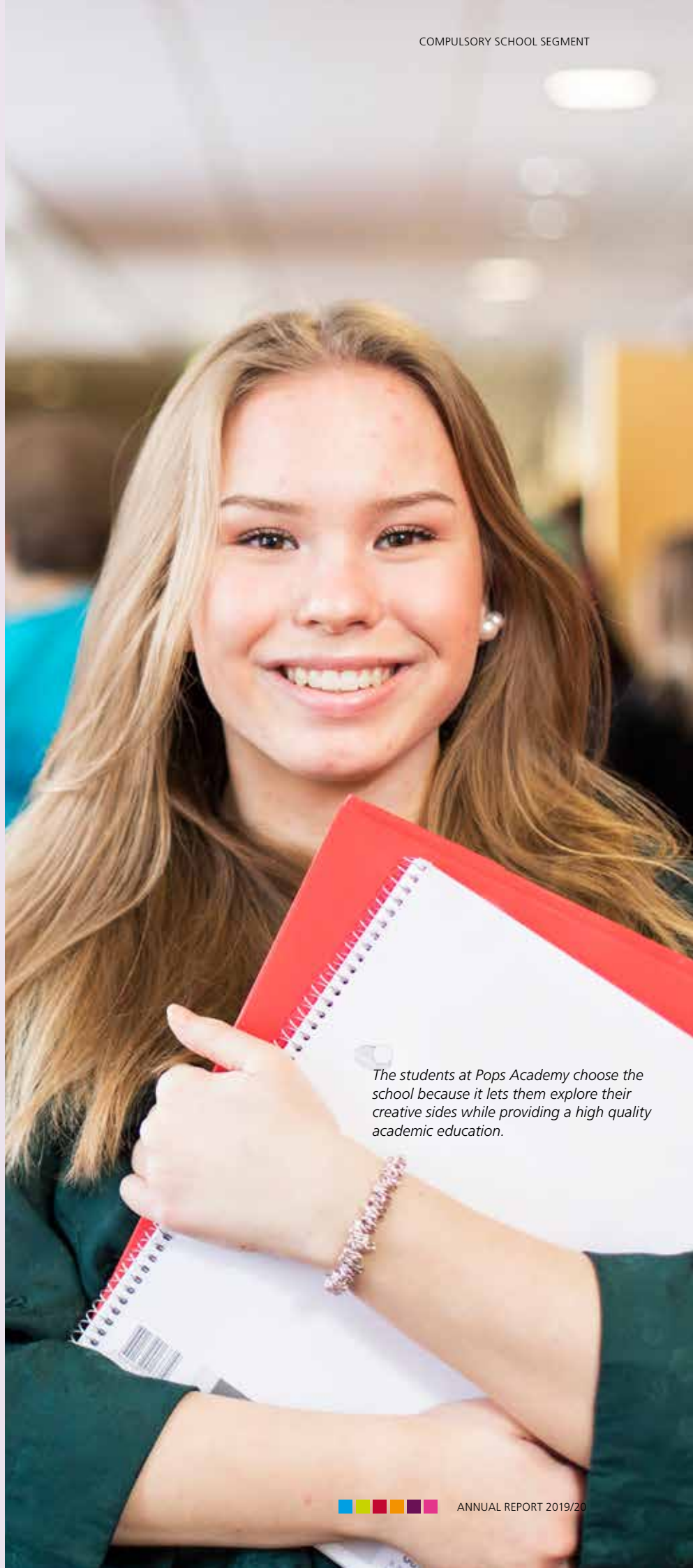


MARKET SHARE** OF	2019/20	2018/19
Independent market	12.3%	12.2%
Total market	1.8%	1.8%

* Average per year

** Source: The National Agency for Education's SIRIS database of the number of students in independent and municipal schooling, as well as the number of students enrolled with AcadeMedia.

OUR BRANDS



The students at Pops Academy choose the school because it lets them explore their creative sides while providing a high quality academic education.

COMPULSORY SCHOOL SEGMENT

Good, secure schools

The goal for all AcadeMedia compulsory schools is to be the best school in the neighbourhood. The school should also be the safest school where the best teachers work – that is how to achieve high results.

Achieving this goal requires clear brands with high recognition; prospective students should understand what they will encounter when they apply to a specific school. Within AcadeMedia we have seen Banérporten and Pops Academy, two schools that are highly valued by their students, join our family during the year.

We will continue our efforts to improve our schools in order to create the best possible student learning conditions. We prefer to do so through various specialties, which may involve subjects (such as music) or educational philosophies (such as Montessori).

Annual plan for Vittra and Pyslingen

Prior to each school year, a detailed plan is prepared for the year at both the unit and principal level. Vittra's plan for the 2019/20 school year was to work on increasing equivalence, which is one of the most important tasks of the Swedish school. This effort has involved a clearer distribution of resources and targeted educational initiatives to guarantee all students an equivalent educa-

tion, regardless of the circumstances of the student or the school. By doing so we can improve target achievement for everyone. The plan was implemented despite the impact of the coronavirus crisis.

Pyslingen Schools had new management during the year, which step by step established a new governance model together with principal groups. This strategy allows continued development work within the schools. For example, they are working to further develop various educational offerings and to complete work on the premises to be able to receive more students in several of our schools.

Open compulsory schools prepared to close during the Covid-19 pandemic

All Swedish compulsory schools remained open during the coronavirus crisis, though some were forced to switch to distance education during short periods. Many people believed in March and early April, especially after the upper secondary schools began teaching remotely, that the compulsory schools would also do so, completely or in part. However, the government did not want to close the compulsory schools. One argument against a closure was that younger children in compulsory school need care, which means that hundreds of thousands of guardians would need to stay home from work, including essential workers. Moreover, it is hardly possible to teach seven and eight year olds remotely.

However, loud debates called for closing the higher levels of compulsory school and letting the older children study from home. As a result of this debate, many compulsory schools ended up in what can best be described as a holding pattern, which created uncertainty among both employees and guardians. Everyone planned to be able to switch to distance education, while teaching continued as usual in the schools.

On 19 March, however, a new law and ordinance was passed which under which compulsory schools could also close and switch to distance teaching if one of four criteria was met. One such criterion was a high rate of sickness absence among employees due to a "disease constituting a danger to society", such as Covid-19.

Several of AcadeMedias's compulsory schools were forced to use this amended law for all or parts of the school. Some did so just for a day or so, others for several weeks. One important reason for the high rate of sickness absence was the recommendation from the Public Health Agency that everyone with the slightest symptoms of a respiratory infection should stay home until completely healthy; towards the end of the spring "plus two extra days" was added to the recommendation. Digital teaching worked unexpectedly well and both employees and students contributed to a good learning experience despite the unique circumstances.

Read more about how we worked from the middle of March until the end of the term in the sustainability report on pages 26-53.

Our focus on increased target achievement

Leading in learning

With the ambition of further improving learning outcomes in our schools, we worked strategically in a couple of areas. For example:

In-depth analysis of study outcomes and safety. Ability to systematically follow up and analyse school outcomes is essential for increased target achievement. During the year we have therefore developed documentation to include differences between boys and girls.

After-school centre. During the year a more consistent model has been designed to follow up and assess after-school centre activities – with a special focus on the quality and content of the education.

Focus on attendance. A basic requirement for students to be able to learn new things is for them to be present. During the spring a project was initiated to ensure consistency and improved accuracy in follow-up of absenteeism among compulsory school students.

Grades & assessment. It is important for our teachers to feel secure in both lesson planning and evaluation of student knowledge to increase equivalence in our schools. Over the past year, a number of pilot schools completed a web-based skills development initiative in grades & assessment that was developed jointly with Karlstad

University; in the future, the course will be offered to all teachers and schools.

Leading in attractiveness

Good quality along with a clear offering makes it easier for both employees and guardians to make informed choices. As part of the initiative to increase the attractiveness of our compulsory schools, during the year we carried out an extensive brand-building campaign aimed at both internal and external clarity with respect to our schools' brands and offerings.

Leading in efficiency

An important aspect of creating an efficient organisation involves working together to find the best possible use of available resources to reach high-quality educational goals. As part of this effort, during the spring a long-term project was initiated to find overarching common structures for resource allocation and planning of educational activities on multiple levels.

UPPER SECONDARY SCHOOL SEGMENT

The largest change since compulsory schooling was introduced

Photo from Klara Teoretiska Gymnasium in Gothenburg Klara has eleven schools in six different cities, from Malmö to Sundsvall. The schools aim to optimally equip all students for further studies.

The year began like any other, the first day of school when we were happy to see many new students, the intensive studies of the autumn term, national English testing in November, third year students planning for graduation. The Covid-19 pandemic, which came to Sweden in February turned just about everything topsy turvy; essentially overnight in March, 143 upper secondary schools with over 36 000 students transitioned to distance education. Nationwide tests were cancelled, and graduation was unlike any other.

The transition, which came after a government decision and a recommendation from the Public Health Agency, far exceeded expectations since AcadeMedia's Upper secondary schools have been working with various digital tools for many years.

Distance education due to Covid-19

The most obvious effect is that upper secondary schools switched to distance education. Most could do so immediately, while upper secondary schools with a practical focus needed a few extra days since not all students had access to the technical equipment needed to study from home. AcadeMedia helped several students by providing an internet connection and made sure that everyone had their own computer or chromebook.

Our focus on increased target achievement

Leading in learning

To further improve learning outcomes in our schools, we worked strategically in a couple of areas. For example:

- **Attendance boost.** A basic requirement for students to be able to learn new things is for them to be present in class. We have therefore intensified our efforts to measure attendance and to train staff in activities that promote attendance. These activities include regional conferences, school-specific education initiatives and projects.
- **Grades and assessment.** Together with Karlstad University, a web-based skills development initiative was designed in grades and assessment. Its purpose was to create a common platform to develop this extremely important part of our education mission, provide additional security to teachers who may need a refresher course and an entry to working with how grading relates to other factors, such as national tests. To date, 1,100 employees have completed the programme.

Leading in attractiveness

During the year we continued with our work to clarify exactly what a student can expect when they enrol in one of our programmes. Living up to and exceeding well-calibrated ex-

The majority of teaching followed the usual schedule, which meant that students entered a digital classroom when the lesson began. Joint reviews alternated with individual assignments, and most classes ended with some type of check-out procedure so teacher could check that students followed along during the entire session. Attendance increased during this period, though many students relatively quickly began longing to return to school and its social life. Quite a few students also felt it was difficult to keep up with the teaching digitally, which meant it was helpful and important that, after a few weeks, the schools were permitted to allow small groups of students back into the schools.

One of the major practical issues during this period involved school lunches. Upper secondary school students have food passes to eat at cafés and restaurants close to the school, or eat in the school cafeteria. Since remote education was implemented mainly to reduce travel, AcadeMedia developed an app through which students could order food for one week in advance and pick it up at designated pickup locations.

The last week in May, the government decided that upper secondary schools would open again on 15 June, after the last day of school. The decision meant that summer school, which was important for the many students who could not perform as well as usual during the period with distance education, could be held in the school building.

pectations provide the schools with excellent prospects for good planning.

Leading in efficiency

We work continually to find new and better solutions to the various challenges we face. Seldom has it been so clearly demonstrated as to just how valuable this is as when the upper secondary schools converted to distance education. Having hardware in place, learning platforms installed and teachers and students who are familiar with these environments provided a unique opportunity to effectively reset the entire basic structure of our operations.

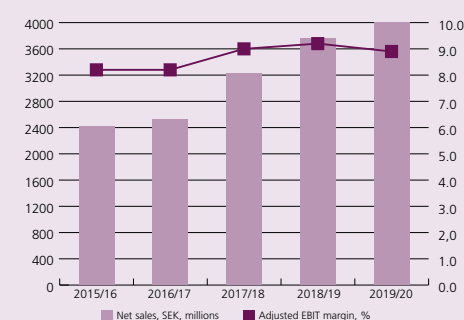
Leading in innovative development

We will apply the lessons we learned during this period of distance teaching in the future. We see great opportunities for continued development of many parts of our operations – digitalisation of SYV, daily student life via CampusOnline, ordering food and skills development are some of the important areas. Others include increasing international cooperation, conducting research and participating in various development projects. In many ways, it involves creating an operation that can transform impulses into developing actions.

THE NUMBERS

UPPER SECONDARY SCHOOL (SEK M)	2019/20	2018/19	CHANGE
Net sales	3,999	3,757	6.4%
EBITDA	530	506	4.7%
EBITDA margin, %	13.3%	13.5%	-0.2 p.p.
Depreciation/amortisation	-161	-138	-16.7%
Acquisition-related depreciation/amortisation	-4	-4	-
Operating profit/loss (EBIT)	365	364	0.3%
EBIT margin, %	9.1%	9.7%	-0.6 p.p.
Items affecting comparability	11	20	n.a.
Adjusted operating profit/loss (EBIT)	354	344	2.9%
Adjusted EBIT margin, %	8.9%	9.2%	-0.3 p.p.
Number of children/students*	36,400	34,653	5.0%
Number of units*	143	143	-
Capacity utilisation	88%	88%	

NETTOOMSÄTTNING OCH JUSTERAD EBIT-MARGINAL



MARKET SHARE** OF	2019/20	2018/19
Independent market	36.1%	35.7%
Total market	10.3%	9.8%

*) Average per year

**) Source: The National Agency for Education's SIRIS database of the number of students in independent and municipal schooling, as well as the number of students enrolled with AcadeMedia

OUR BRANDS



ADULT EDUCATION SEGMENT

Increased need for adult education



The past year has been characterised by the changes associated with the Covid-19 pandemic. Unemployment is rising as a result of extensive layoffs and bankruptcies. Major educational initiatives will be needed, which is reflected in the Government's relief package. Adult education has never been more important for coping with the major challenges that society faces. AcadeMedia has the market's widest portfolio of contracts and the means to rapidly scale up operations to meet rising demand.

During the 2019/20 financial year the segment as a whole performed positively. The improvement in earnings is mainly attributable to our higher vocational education and municipal adult education programmes (including Swedish for immigrants), which have had good growth with increased demand and improved margins. Extended contracts in municipal adult education in Gothenburg and Stockholm have contributed stability throughout the financial year. Labour market services have also stabilised. The composition of education programmes in the segment has continually evolved with a focus on those programmes that are more

profitable and in greater demand. Municipal adult education and Higher vocational education currently account for 66 percent (64) and 22 percent (18) of the total portfolio for the segment, while Labour market services decreased to 10 percent (17).

Rapid conversion because of Covid-19

In the middle of March the Public Health Agency recommended remote teaching for all adult education programmes. In three days, 20,000 students in adult education programmes switched to distance education, a teaching format that had been used extensively in adult education.

Several operations in the segment, including Hermods and NTI-skolan, have extensive experience of distance education. This knowledge was rapidly transferred to other schools, which under normal circumstances use a classroom-based approach. The conversion exceeded all expectations. The drop-out rate among students was low. This also applied to students with a limited background in their studies.

Throughout the Covid-19 pandemic we maintained close dialogue with our clients in order to jointly address the major challenges that society faces.

Our focus on increased target achievement

Leading in learning

We work systematically to develop learning in our education programmes. Our digital learning platforms, Novo and Omniway, comprise an important learning framework. Major development projects are underway to ensure that learning platforms meet the individual needs of the students, create equivalence and increase target achievement. One example is the research study that is being conducted in collaboration with researchers at Skövde University to test the impact of gamification on students' study outcomes. These developments also mean that teaching could be made more responsive, with the learning platform adapting information and content to students development.

We have begun a project to develop system support for quality monitoring. We will continue with this during the next financial year. To advance these improvement efforts, we have worked to identify the most important conditions and processes that lead to high achievement for students and participants.

Leading in attractiveness

We create attractiveness through strong leadership. During the year, we began

working on self-leadership and value-driven leadership. The annual employee satisfaction survey shows that employee satisfaction has increased to 72 (71).

Leading in efficiency

Last year, five of the companies in the Adult Education segment were certified to quality and environmental standards ISO 9001:2015 and ISO 14001:2015. During the current year, the management system has been improved and systematic quality management has continued. After the annual review, certification was renewed for all companies.

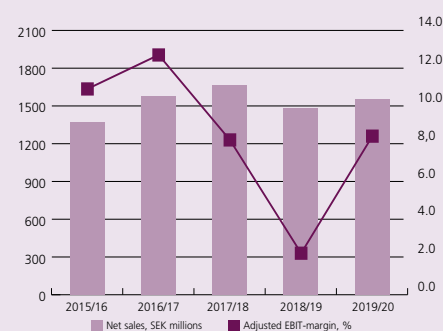
Leading in innovative development

AcadeMedia's Adult Education segment accelerated efforts to develop digital services by launching the AcadeMedia EdTech business area. The purpose is to associate with actors in research and innovation to develop new digital education services for both existing and new customers. As part of this initiative, the Omniway learning platform will become a separate company outside NTI-skolan to make it possible to offer the platform to more users.

THE NUMBERS

ADULT PROGRAMMES (SEK M)	2019/20	2018/19	CHANGE
Net sales	1,557	1,478	5.3%
EBITDA	146	32	356.3%
EBITDA margin, %	9.4%	2.2%	7.2 p.p.
Depreciation/amortisation	-10	-10	-
Acquisition-related depreciation/amortisation	-5	-5	-
Operating profit/loss (EBIT)	131	17	670.6%
EBIT margin, %	8.4%	1.2%	7.2 p.p.
Items affecting comparability	-	-15	n.a.
Adjusted operating profit/loss (EBIT)	131	32	309.4%
Adjusted EBIT margin, %	8.4%	2.2%	6.2 p.p.

NET SALES AND ADJUSTED EBIT MARGIN



KPIS	2019/20	2018/19
Number of participants*	100,000	100,000
Number of units*	150	150

OPERATION'S PERCENTAGE OF THE SEGMENT

Swedish for immigrants	17%	20%
Komvux	48%	44%
Company training programmes	1%	2%
Higher vocational education	22%	18%
Public Employment Service	10%	17%

*) Average per year.

OUR BRANDS



MARKET OVERVIEW

Stable markets with good demand

AcadeMedia's four segments work with education. The business models are structured differently, but all four are in the main financed by public funds. External factors that can affect demand for our services include demographic trends, urbanisation, the economy, unemployment and integration.

Factors such as the percentage of individuals who have their children in preschool and school, the need for staff with the right skills, municipality finances and changes in education policy can also affect the markets in which we are active.

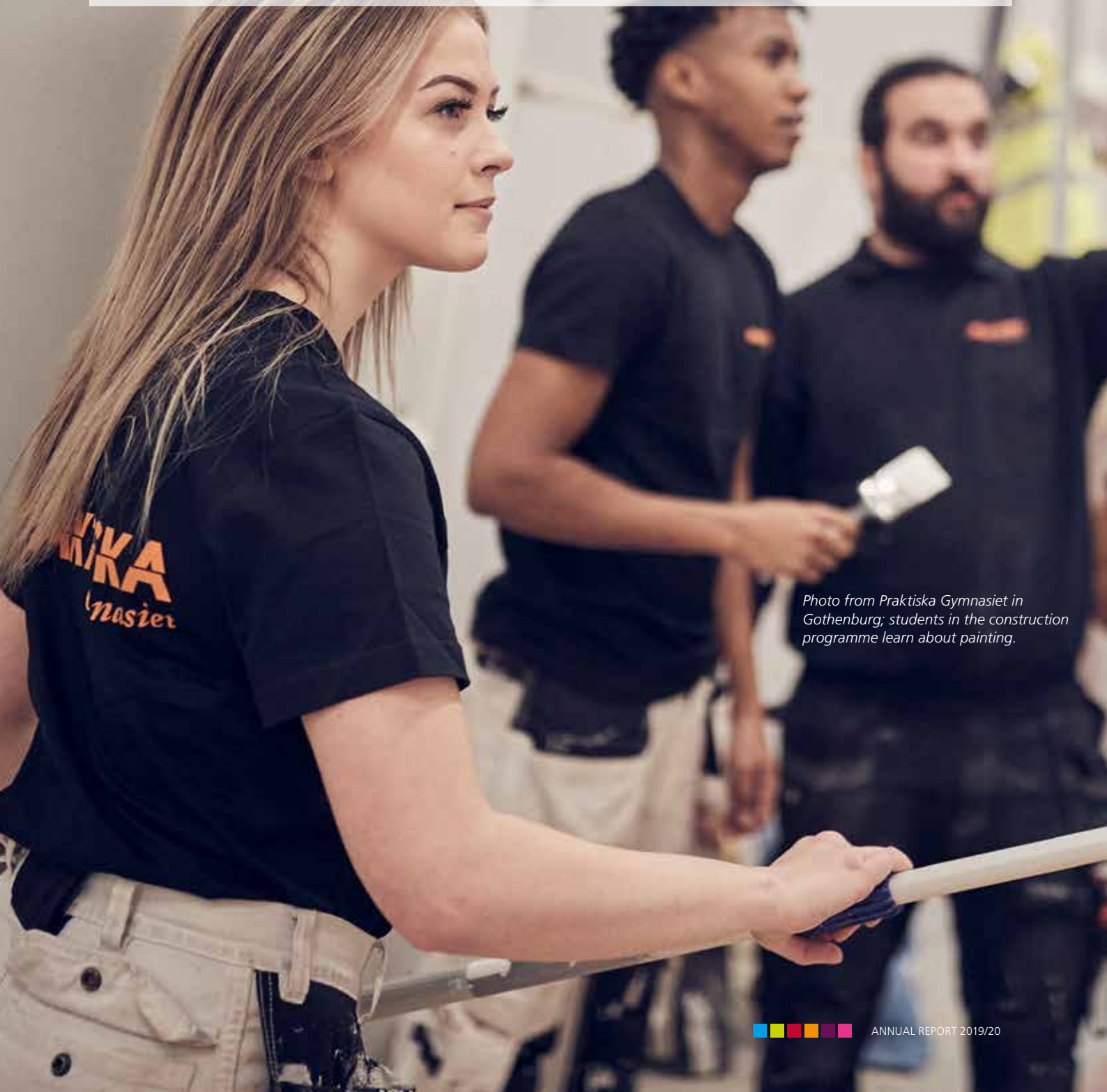


Photo from Praktiska Gymnasiet in Gothenburg; students in the construction programme learn about painting.

Trends related to demographic needs and unemployment affect the market

DEMOGRAPHIC TREND 2020-2025

GERMANY 1-5 YEARS	NORWAY 1-5 YEARS	SWEDEN 1-5 YEARS	SWEDEN 5-15 YEARS	SWEDEN 15-18 YEARS	ADULT EDUCATION UNEMPLOYMENT* (JUNE 2020 VS 2019)
350,000 preschool places are needed	-6.4%	-1.3%	2.6%	10.7%	+2.6 p.p.

OTHER PROVIDERS IN THE MARKET

Denk mit, Educare, pme Familienservice, Little giants	Læringsverkstedet, Trygge Barnehager/ FUS, Kanvas, municipal providers	Norlandia, Dibber, Atvexa, municipal providers	IES, Kunskapsskolan, municipal schools	Thorégruppen, Kunskapsskolan, Jensen Education, Lärande i Sverige, municipal schools.	Lernia, Intendia Group, Alea, Nackademin, IHM.
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* Unemployment is one of many factors that drives demand for our adult education services. Other relevant drivers include immigration and various government and municipal initiatives. Sources: Statistics Sweden, SBB, Statistisches Bundesamt (Kinderbetreuung).

In the Scandinavian countries, the percentage of children who attend preschool is very high. Consequently, the demographic trend there largely governs the need for preschool places. Norway will have negative population growth in the coming years. Part of Espira’s strategy is to ensure that our preschools are the top choice. New preschools are to be established in growth areas, and Espira is maintaining a continuous watch on how local market con-

ditions are changing. In Sweden, demographic development is stable in the coming years. In Germany, the percentage of children who attend preschool is low, as is the number of preschool places. However, demand is very high and is therefore the single most important market driver. The Swedish compulsory and upper secondary schools are expected to have strong demographic growth; here, urbanisation also affects demand.

Demand is growing in the metropolitan areas, which are also the areas where AcadeMedia has had units established for a long time. The need for adult education is growing due to rising unemployment and major public investments are now being made. A shortage of skilled labour is also a strong driver in the Swedish adult education market.

Education systems and reimbursement models

AcadeMedia is active in stable markets with steady growth. The reimbursement models differ, but all operations are primarily financed with public funds. Both public and independent providers are active in these markets.

All school activities (preschool, compulsory school and upper secondary school) require a permit from the authorities. Permits are granted until further notice. In all countries where AcadeMedia operates, extensive regulations govern daily operations and regulatory authorities in each country monitor compliance. Abuse may result in revocation of permits as a last resort.

In adult education, permits are linked to fixed-term contracts obtained through procurement or award processes.

		EDUCATION SYSTEM	VOLUMES	REIMBURSEMENT MODEL	MARKET DRIVERS
SCHOOL OPERATIONS	NORWAY	Permits	The individual has free choice. In preschool, proximity to the home is important. The older the children, the more important the location of the school, the contents/focus of the education programme and the reputation of the unit.	Municipally funded school vouchers based on outcome + parental fee ¹ .	Demographics, urbanisation, increased penetration rate and school voucher trends.
	GERMANY	Permits		School voucher + parental fee ¹ .	
	SWEDEN	Permits		Municipally funded school vouchers based on budget + parental fee ¹ .	
ADULT EDUCATION	MUNICIPAL ADULT EDUCATION	Procurement processes, which may be based on price and/or quality measures, govern who is allowed to conduct business. Contract duration is generally about 4 years.	Volumes are allocated by the contracting authority. They are largely known in advance.	The length of the programmes vary from a few weeks to one year. Reimbursement is based on participants completing the programme.	Unemployment and migration.
	LABOUR MARKET SERVICES		Volumes are allocated by the contracting authority. They are highly volatile.	The programmes are 3-6 months long. Reimbursement is per participant and day or week.	Unemployment and migration.
	HIGHER VOCATIONAL EDUCATION	Application and granting of a permit to provide education services (once a year).	Demand is driven by the labour market and the individual chooses what to study.	The programmes are mainly two years long and reimbursement is by participant and term.	Labour Market and unemployment.

¹ Parental fee is only charged for preschool. In Norway, the parental fee accounts for 16 percent of total reimbursement and in Sweden 3.5 percent. In Germany, the parental fee varies among the different brands depending on the profile. For the 2019/20 financial year, the average parental fee in Germany was 17 percent of the total reimbursement.





ProCivitas Privata Gymnasium places high demands on both students and operation. Picture from ProCivitas in Lund.

Focus on growth

ACADEMEDIA CAN GROW IN DIFFERENT WAYS:

Win more bids/awards	Procurement of adult education where we make intentional choices of the ones in which we will participate. Procurement processes that focus solely on low prices and essentially ignore quality are low priorities.
Open new units	Organic growth that initially has a negative impact on profitability. However, the need for investment is low and long-term stable profitability is achieved on average within 3-5 years.
Improve capacity utilisation in existing units	Organic growth that has a direct, positive impact on profitability.
Small bolt-on acquisitions	Organic growth that takes place at advantageous spreads.
Major strategic acquisitions	Acquired growth with the goal of reaching a specific market or niche.

AcadeMedia has a strong history of growth based on organic growth and acquisitions. In order to succeed, we proactively work to identify and manage obstacles to growth. Examples include difficulties in recruiting employees, low reimbursement levels and access to suitable premises.

Access to qualified staff is limited in many of our markets. To offset this risk AcadeMedia offers its employees good growth opportunities, leadership and talented colleagues, as well as good conditions under which to carry out assignments. In this way, more employees come to us and choose to stay and grow within AcadeMedia, resulting in lower staff turnover and employees who recommend us to others.

Another obstacle is inadequate reimbursement levels. In municipalities with an established low reimbursement level it is difficult to run independent operations if they are to meet the quality standards that AcadeMedia sets for all of its operations.

Access to suitable premises is also an obstacle for growth, especially centrally located facilities in medium-sized and large cities. We handle this issue mainly by applying what we call our campus strategy in upper secondary schools, where this is most common. Several schools share a building, which creates benefits of scale and makes it easier for us to handle large leases and spaces.

New establishments – financial profile

AcadeMedia develops organic growth by opening new preschools and schools within its various segments. The new establishments within the various segments have different financial profiles, details of which are provided below. The fastest and most profitable growth is currently happening in Germany. The major shortage of capacity means that the preschools can be filled and break even within the first year of establishment. New establishments require limited investment, with the exception of Norway, and also require little or no working

capital, because school voucher funding is paid by municipalities in advance.

The table below provides an overview of the financial profile for a new establishment in each segment. It should be noted that for preschools in Norway, a property is owned and built by AcadeMedia, which requires more capital and also means that the EBIT margin is necessarily higher to cover interest expenses.

	COMPULSORY SCHOOLS	UPPER SECONDARY SCHOOLS	PRESCHOOLS SWEDEN	PRESCHOOLS NORWAY	PRESCHOOLS GERMANY
Start-up investment	SEK 5-8 million	SEK 2-3 million	SEK 1.5-2.0 million	NOK 38 million*	EUR 0.3–0.5 million
Time to break-even	4 years	3 years	2 years	1 year	1 year
Time to mature profitability	5 years	5 years	3 years	2 years	2 years
Number of pupils at maturity	300-500	200-350	90–120	80–90	75
Sales target	SEK 35-55 million	SEK 20-35 million	SEK 14-18 million	NOK 13 million	EUR 1.0–1.5 million
EBIT margin target	12–13% (excluding allocated fixed costs)	13–14% (excluding allocated fixed costs)	12–13% (excluding allocated fixed costs)	~15% (excluding allocated fixed costs)	~12% (excluding allocated fixed costs)
Leases (lease term)	5-15 years	5-10 years	5-10 years	10-20 years	15-30 years
New establishments 2020/21	–	4 units	3 units	2 units	11 units

*Espira owns its properties during an initial phase. The property investments are 100%-financed by loans with the Norwegian State Housing Bank.

Strong interest in independent providers

Interest in private welfare services is steadily rising. In Sweden, the debate opposing private providers has occasionally been fierce, but it has not had any noticeable effect on the number of applicants to private schools or care providers.

	ACADEMEDIAS' MARKET SHARE OF			
	INDEPENDENT PROVIDERS		TOTAL MARKET	
	2019/20	2018/19	2019/20	2018/19
Preschool SE	10.3%	11.1%	2.1%	2.2%
Preschool NO	6.9%	6.8%	3.4%	3.4%
Preschool DE	3.0%	n.a.	0.0%	0.0%
Compulsory School	12.3%	12.2%	1.8%	1.8%
Upper Secondary School	36.1%	35.7%	10.3%	9.8%

* Ahead of the 2019/20 financial year, a total of 12 preschool units in Sweden with approximately 800 children were closed down or sold. This affected AcadeMedia's market share negatively by approximately 0.7 percentage points of the independent market and 0.1 percentage points of the total market. Source: Skolverket.se and sssb.no

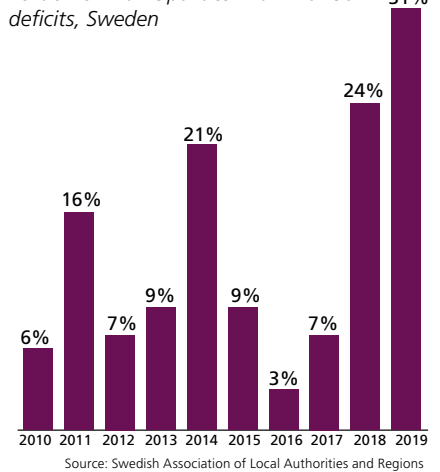
Lack of public resources affects school voucher funding

Many municipalities are already running deficits today and therefore need to review both tax revenues and expenditures in order to be able to offer residents good health care, education and social services. However, because of rapidly rising unemployment, there is a risk of decreasing tax revenue in many places, which will result in even more pressure on municipal finances. Consequently, efficient and innovative solutions are needed that will change, but not damage, the way we work. One important issue that has been raised during the Covid-19 pandemic is the possibility of using digital tools in a way that provides

better education for more people. Digitalisation is not the solution to everything, but if used correctly it could make a big difference.

The deteriorating finances of municipalities are likely to affect school vouchers and school voucher increases may be lower than they have been in the past. AcadeMedia is well equipped for this scenario, including intensifying efforts to increase capacity utilisation, proactively addressing our own expenditures and working more efficiently. Clear governance is also an important tool for correctly managing resources.

Portion of municipalities with financial deficits, Sweden



The political situation

There continues to be political disagreement about businesses involved in welfare in Sweden, though the debate has lessened in intensity compared with a few years ago. The debate does not affect interest in independent schools.

In spring, two government inquiries were submitted which, if they were to become law, would affect our operations in Sweden.

The first inquiry discusses equivalent schools. It addresses the compulsory school level and proposals include making it compulsory to offer choice of school to all, removing waiting times as a criterion of choice for independent schools, introduction of a quota system and entitling the municipalities to make deductions from the school funding they receive to offset extra costs that they incur. AcadeMedia supports a common and compulsory school choice. As a whole, however, there is a risk that the inquiry's proposal will reward poor schools,

and distort the distribution of resources between municipal and independent schools – which would remove the focus from the best interests of the students

The second inquiry presented a proposal on planning and structuring in Komvux and the upper secondary school sector. According to the author the government should establish regional frameworks for offerings in the upper secondary school sector, and the educational offering should to a greater extent be based on the needs of the regional labour market. The proposals represent major, costly changes to the system and it is highly uncertain that the proposals will bring greater efficiency or better provision of skills.

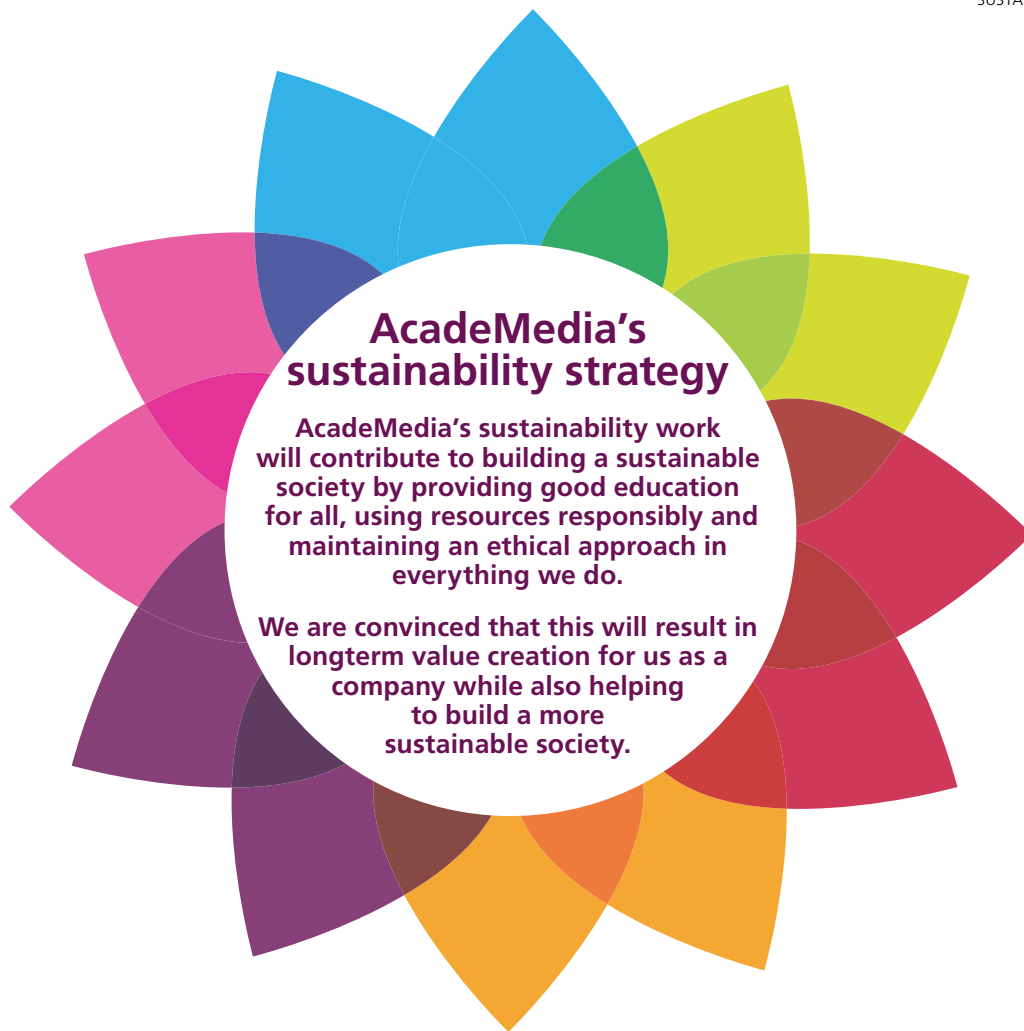
Many steps need to be covered from the time an inquiry is presented, until a bill goes to the Riksdag for a vote, leaving substantial opportunities for debate on these inquiries. In Norway, the political situation has changed since the last financial year. The

Progress Party has left the conservative-led government, which means that it no longer has the majority in the Storting. Naturally the parliamentary situation will be more uncertain ahead of the 2021 election.

In the spring, the Storting voted through an amendment to the the Preschool Act, introducing national economic supervision, which Espira supports. Other proposals to be voted on include the funding system and the organisation of preschools. See also our risk report, located on page 65.

The German legislation on the right of all children to a preschool place is from 2014. Since then, capacity has steadily expanded, without any extensive system debate. The 16 German states act differently in terms of how this expansion takes place. AcadeMedia has chosen to establish a presence in those federal states that welcome private providers and where the need for preschool places is greatest.





Sustainability Report

AcadeMedia's adopted and published Roadmap 2023 describes where we stand today, and what we need to improve on to achieve our goals for 2023. Our approach is described in the Roadmap's first sentence: "AcadeMedia consists of people who are driven by the idea of creating a better and more sustainable society, based on education and learning"

The majority of our employees work in one of our preschools, compulsory schools, upper secondary schools or adult education programmes. It is also there that the major share of our sustainability work is performed, some initiated by employees both in and outside the activity of education, some by students also both in and outside the activity of education, and some by parents and carers. In many cases, projects that are small

but important to the location concerned are involved. Given the number of locations (in all, 262 in three countries), this work makes difference, even if it is not overseen or measured at Group level.

The Group-wide work on sustainability is governed by our sustainability strategy and a number of policies (see pages 32-33). The stakeholder review and the materiality analysis described in this sustainability report are also conducted at Group level. In the 2018/19 financial year, we identified four areas of particular importance to our sustainability work. These areas – learning, employees, environment and transparency – remain in place. On pages 34-49, we describe our approach in each of these areas. Because 2019/20 ended with the global Covid-19 crisis, which severely affected our operational activities in Sweden, Norway and Germany, we have decided to overview several practical examples of how we worked during the

Covid-19 crisis. The crisis is the biggest stress test – or, if you like, sustainability test – that our organisation has ever experienced.

One important goal expressed in our 2019/20 sustainability report was to establish appropriate and measurable targets in our four focus areas. This work started in January 2020. In March, we opted to put the work on hold in the face of the Covid-19 crisis, which laid claim to all available resources. It is estimated that appropriate goals will be developed and adopted during the year 2021 and will be reported in next year's sustainability report.

Description of the Company

AcadeMedia is an education enterprise, with operations in Sweden, Norway and Germany. In Sweden, we operate preschools, compulsory schools, upper secondary



Pops Academy in Umeå, northern Sweden, is one of AcadeMedia's two Pops Academy schools. The other is in Stockholm

AcadeMedia has three goals:

- **AcadeMedia shall be a leader in learning, attractiveness, efficiency and innovative development.**
- **AcadeMedia shall provide the highest-quality education in the areas in which the Group operates.**
- **In 2023, AcadeMedia shall be the leading and most influential education provider in Europe.**

schools and adult education programmes; in Norway and Germany we only operate preschools. Our Swedish operations account for approximately 80 percent of sales, with Norway accounting for around 16 percent and Germany around 4 percent.

AcadeMedia's internal control and follow-up runs through our entire organisation. From July 1st, the group has consisted of four segments, preschool, compulsory school, upper secondary school and adult education. See pages 10-21 and note K2 for more information about our segments.

AcadeMedia operates in stable markets with steady growth. The remuneration models differ, but all operations are mainly financed with public funds. Both public and independent stakeholders are active in these markets. All school activities (preschool, compulsory school and upper secondary school) require a permit from

the authorities. Permission is granted until further notice.

In all countries where AcadeMedia operates comprehensive regulations guides the day-to-day operations and authorities in each country check that the rules are followed. As a last resort, a permit can be revoked in case of abuse. In adult education, permits are linked to fixed-term contracts obtained through procurement or award.

See pages 22-25 for a further description of AcadeMedia's remuneration models and a description of each segment's market.

The cost base chiefly consists of personnel and property costs, but IT, educational materials and food are also major items. We have just over 200 framework agreement suppliers and a number of small-scale suppliers for whom framework agreements are not applicable. Our work on the supply

chain is described in more detail on pages 32 and 33.

Our vision is to be at the forefront of the education of the future and our mission is Change through Education. We aim to contribute to necessary and positive change, both on behalf of individuals and for society as a whole, through education.

This sustainability report is presented by the Board of Directors of AcadeMedia AB (publ). AcadeMedia AB (publ), with its registered office in Stockholm, is the listed Parent Company of the Group. Support functions and all educational operations are in subsidiaries owned by AcadeMedia AB (publ). The sustainability report applies to all companies within the Group.

STRATEGY

A sustainable organisation develops good education programmes

At an organisation such as AcadeMedia, which provides in education for all age categories in society, everything we do may be linked to the UN's Global Goals on a basic level.

To succeed, however, we need to develop and improve our work at every level.

Our sustainability work and the contents of our Code of Conduct are largely based on the ten principles enshrined in the UN's Global Compact and the UN's 17 Global Goals. The Global Compact is a network of enterprises under the auspices of the UN in which members work to strengthen implementation of the ten principles regarding human rights, labour law, the environment and anti-corruption.

The UN's Global Goals

The UN's Global Goals for Sustainable Development (SDGs), adopted in 2015, may be described as the path that we have together chosen in order to create a sustainable future. The 17 goals (each of which has a number of sub-goals) define the world we are striving for, and how we intend to achieve it.

In addition, AcadeMedia must at all times be guided by the policy documents in place for our operations in the countries where we operate. Such policy documents include laws enacted by the parliaments of Sweden, Norway and Germany, various regional and local rules and regulations, and various requirements from public authorities. During the past year, our organisation in the countries where we operate was put to the test by many rapidly implemented changes in laws and regulations in response to the Covid-19 pandemic. Certain operations, most notably preschools in Germany and Norway, along with upper secondary school and adult

education activities in Sweden, were severely affected but successfully managed this extraordinary situation.

In addition to being guided by all policy documents governing various forms of the education in the three countries where we operate, AcadeMedia also complies with all rules applying to listed companies.

Much of our day-to-day work, and therefore our sustainability work, is built on the ten principles of the UN Global Compact and the 17 Sustainable Development Goals (SDGs). We work on sustainability issues in four priority areas, namely: Learning (Goals 1, 3, 4, 5, 10, 11 and 16), Employees (Goals 5, 8, 10, 16), Environment (Goal 13) and Transparency (Goals 8, 10, 16). As an organisation, we also identify direct points of contact with a number of the 17 SDGs established by the UN.

Human rights

Both the Global Goals and the Global Compact are rooted in the UN Declaration of Human Rights. Examples of human rights include the right to education, to health and well-being and to social security. Global work on sustainability is based partly on various types of agreement, many under the auspices of the UN. However, whether we succeed in creating a sustainable world or not, will not be determined by these agreements alone. It will be determined by the individual decisions of all people as to how they should act in every particular situation. It involves several billion people who, according to their own individual circumstances, have to make decisions that will give them, our society and our planet a better future. It goes down to the choice between a plastic or a paper carrier bag for the shopping. To a major stakeholder in a company, the decision may be about devising policies that influence the course for many other people in a sustainable direction.

AcadeMedia focuses its work on four areas: employees, learning, environment and transparency. Each can be linked to one or several of the UN's SDGs (see illustration alongside). The fourth goal – "Quality Education for All" – relates to our main role. The effect is that when we deal with sustainability issues in preschool, compulsory school, upper secondary school or adult education activities, it can influence 180,000 individuals. Add our employees, plus all the parents and other family members who are reached indirectly, and we can estimate at perhaps half a million the number of individuals that we reach with the message of the importance of sustainable development. It should be added that all school are formally tasked with teaching sustainable development; the requirement is stated in our policy documents.

The National Agency for Education also highlight the importance of sustainable development via its "Schools for Sustainable Development" award. The award may be made to preschools, schools and adult education providers that work actively on sustainable development by integrating topics linked to environmental, social and economic issues into their teaching, by involving children and students in the learning process and by preparing them for the future.

AcadeMedia's employees are always required to maintain an ethical approach to everyone who is in any way affected by our work. Everyone must be able to rely on their rights being respected. Our Code of Conduct and our whistleblower policy are two important elements of accountability and oversight in the organisation. The whistleblower system is available publicly, not only to employees and participants. For more information about the policy, including instructions on how to report an incident, see page 38. During the financial year, we received 17 reports (11).



The UN's global goals

AcadeMedia's core activities contribute directly to eight of the UN's 17 global goals. We contribute indirectly to other goals via our core activity, education. The goals to which we contribute directly are marked in mauve.



Goal 1. No Poverty. Education is one of the most important routes out of poverty, regardless of whether poverty is economic or whether it relates to lack of freedom, health or safety.



Goal 2. Zero hunger. No direct effect via our core business – education.



Goal 3. Good Health and Well-being. Physical ill-health among the young is a growing social problem, where school is an important part of the solution. Knowledge about health issues is also the basis of better health.



Goal 4. Quality Education. AcadeMedia's entire core operations are focused on this area.



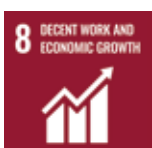
Goal 5. Gender Equality. According to the Albright Foundation, AcadeMedia is the fourth best listed company in Sweden in terms of gender equality. The organisation has a high proportion of women among employees, managers, Group management and Board of Directors.



Goal 6. Clean Water and Sanitation. No direct effect via our core business – education.



Goal 7. Affordable and Clean Energy. No direct effect via our core business – education.



Goal 8. Decent Work and Economic Growth. We will be an attractive employer, with a strong focus on employee well-being. We will also contribute to economic growth by educating people and by being a successful enterprise.



Goal 9. Industry, Innovation and Infrastructure. No direct effect via our core business – education.



Goal 10. Reduced Inequalities. No one should be excluded; an equal society is built on the principle that everyone has equal rights and opportunities. In Sweden we call this "equitable school".



Goal 11. Sustainable Cities and Communities. AcadeMedia is helping to create and maintain sustainable cities and communities by offering high-quality preschools, schools and adult education services.



Goal 12. Responsible Consumption and Production. AcadeMedia serves around 87,000 lunches produced in our own kitchens every week. Food waste is a significant environmental problem. This is an important area for improvement.



Goal 13. Climate Action. No direct effect via our core business – education.



Goal 14. Life Below Water. No direct effect via our core business – education.



Goal 15. Life on Land. No direct effect via our core business – education.



Goal 16. Peace, Justice and Strong Institutions. Education is not just about acquiring knowledge in various subjects. It is also about values. Everyone's equal value and everyone's right to freedom from violence are values that permeate both us as a company and the teaching we provide.



Goal 17. Partnerships for the Goals. No direct effect via our core business – education.

Challenges in society where AcadeMedia makes a difference

AcadeMedia is playing a part in building a better, more sustainable society through its core business – a good education for all. This means, in turn, that we contribute to solutions to a range of social challenges in society. These change only marginally over time.

- **Skills supply.** Every year, we provide education and training for approximately 180,000 children, young people and adults.
- **Lack of leadership in the education system.** Good leadership is essential if a

school is to succeed with its mission. AcadeMedia works with leadership development at several levels via a number of different programmes (see page 39).

- **Skills shortage/teacher shortage.** All three countries where AcadeMedia operates have a shortage of qualified teachers and educators. AcadeMedia aims to be an attractive employer, irrespective of whether an employee is working at one of our schools or one of our offices. A teacher trainee programme and various further education initiatives are intended to help tackle the shortage of teachers we face.

Our adult education programme offers a large number of courses that are mitigating the skills shortage in the labour market as a whole.

- **Integration.** We maintain a strong focus on cutting the time between arrival in Sweden and entering the job market and self-sufficiency, via our apprenticeship training programme.
- **Welfare system.** We strive to provide more high-quality education for the resources allocated by society to ease the burden on the welfare system due to the pressure of an aging population.



STRATEGY

Materiality analysis

Our materiality analysis is reviewed annually. In the review this year, we applied the effects of the Covid-19 pandemic, which forced us to focus closely on issues concerning employees.

During the pandemic, many worked under new arrangements – remote working increased substantially. We intensified our internal focus on creating a good working conditions for all our thousands of teachers and members of support staff working from home, with the same expectations for

quality in teaching and delivery. Adjustments were also made with an increased emphasis in the area of Learning. Our materiality analysis shows the importance of various factors to our stakeholders, and the extent to which AcadeMedia can influence these aspects.

AcadeMedia has selected four main categories in sustainability as focus areas. One of them, Transparency, has several sub-areas in our materiality analysis. The sustainability concepts in which both the main and sub-areas are included are shown in brackets. Our main areas are:

Learning (human rights and social issues).

Employees with sub-areas ethics and integration/equivalence (social issues and anti-corruption).

Environmental impact (environment).

Transparency (human rights and anti-corruption).

How these focus areas are controlled and measured is described in greater detail in the next few pages and via the financial KPIs on pages 52-53. We also provide a number of in-depth examples of how this work is performed in practice.

LEARNING

By offering a superior learning environment, AcadeMedia helps people and communities to develop and grow. All students have the same right to a high-quality education, irrespective of place of residence or background. A good atmosphere for learning is also about determining the needs of, and opportunities for, each individual student. We also aim to be a learning organisation, where both employees and leaders can develop professionally. This is measured through our quality objectives (page 52).

EMPLOYEES

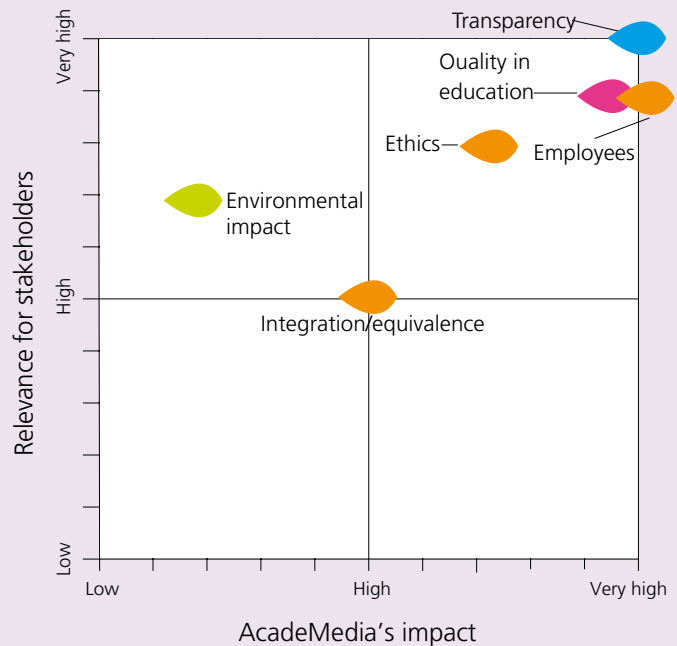
AcadeMedia will recruit, develop and motivate the best educators and school leaders. We want our employees to enjoy their work and be given opportunities to develop professionally. We also want to create opportunities for careers as leaders via our talent and mentor programmes, which are unique within the education sector. We will also always strive to maintain an ethical approach, guided by clear policy documents and ongoing discussion. This is measured through our employee survey, staff turnover, sick leave and our whistleblower system (page 53).

ENVIRONMENT

AcadeMedia pledges to use all types of resource responsibly and to be a model of environmental sustainability within the education sector. We are working to reduce the environmental impact of our business over time, for example by investing in healthy and climate-friendly meals. We are also working to reduce the environmental impact of our travel and premises. This is measured through part of eco-labeled raw material (page 53). More environmental objectives are being developed.

TRANSPARENCY

Maintaining public confidence in AcadeMedia’s work is critically important, since we are largely financed by public funds. An ethical approach to everything we do and open and proactive communication are therefore embedded in AcadeMedia’s way of working. We demonstrate openness by sharing information via social media and maintaining good contacts with traditional media. We also choose to offer the outside world insight into our operations and our policies, by keeping large parts of AcadeMedia’s intranet public. This is measured through the number of unique visitors on our public internet and our Code of Conduct and our whistleblower system (page 53).



GOVERNANCE

New organisation directing sustainability work

In the past year, the Group-wide work on sustainability issues was given an improved structure and organisation, plus more resources. The intention was to achieve clearer and therefore effective governance of this work.

Our focus areas – learning, employees, environment and transparency – are those which are especially important to AcadeMedia’s stakeholders in relation to the Company. The stakeholders concerned are shown in the table alongside. Their contributions and questions have fed into the annual review of our materiality analysis (see page 31), which indicates firstly, how important various issues are to our stakeholders and secondly, the extent to which AcadeMedia can influence them.

New sustainability organisation

The work is overseen by AcadeMedia’s Head of Sustainability. During the year, a steering

committee consisting of members of Group management was established. The steering committee includes representatives from two segments (Preschool and Adult Education), and two support functions, HR and Safety and Security.

A project team comprised of members from a number of relevant support functions also took shape. The tasks of the project team include developing appropriate and measurable targets for the sustainability work, additional KPIs, and initiating and supporting segments, brands and units in various sustainability projects. The project team is also to systematise sustainability work, first and foremost by using our internal digital channels for experience- and idea-sharing, and for compiling results.

To ensure that we engage in the right type of projects from the viewpoint of the various operations, we also established a reference group consisting of a number of school principals. They represent our backstop against good ideas that are not rooted in reality.

Stakeholder dialogue and openness

AcadeMedia is financed almost exclusively by public funds, and operates in one of the absolutely important areas of society, education. Without society’s trust, we cannot function. Open, honest and relevant communication is equally important and a natural part of our operations. We demonstrate this openness, for example, by being open and available via both social and traditional media. We are also one of the very few companies to have taken the decision to have an open intranet (employee website), where large amounts of our internal material is available for all to read.

We engage in regular dialogue with our stakeholders. The table alongside shows the stakeholders that we have identified as most important, how we communicate with them and which questions they consider to be most important.

(the article continues on the next page)

Stakeholder		Channel for dialogue	Key issues for stakeholder group
Children, students, adult learners and guardians	With committed employees and good study environments, we are equipping our children, students and adult learners with knowledge and education to shape their own future – Change through Education.	Daily meetings at preschools, schools and education units Development reviews Mentor time Parents’ meetings Learning platforms Social media Fairs and other public arenas	High-quality education A good environment for development and learning Knowledgeable and committed employees Low employee turnover Student health Opportunity to influence/responsive approach Good food
Employees	AcadeMedia will recruit, develop and motivate the best educators and school leaders. We also want to create an effective organisation and continual collegial learning.	Meetings Internal communication Performance reviews Employee satisfaction surveys Union meetings Internal training	Work environment, working conditions and health Opportunity to influence/responsive approach Professional development Leadership Attract and develop employees
Suppliers	AcadeMedia aims to lead by example and, by virtue of our size, to negotiate good terms for financial and sustainability aspects in the contracts we conclude.	Procurement Purchases Meetings Monitoring	Work environment, working conditions and health Anti-corruption and bribery Environment/sustainability
Shareholders	AcadeMedia will create long-term sustainable operations and a robust return for its shareholders.	Meetings Board representation Annual General Meeting Financial statements Investor presentations	Robust and sustainable growth and profitability Attract and develop employees Transparency Responsible conduct by management and Board of Directors
Society	AcadeMedia will live up to society’s expectations via a responsive approach, high level of transparency and good accessibility. AcadeMedia will also contribute to society’s need for skilled citizens by providing relevant, high-quality education programmes.	Traditional mass media Social media Meetings and seminars	High-quality education Development of the school of the future Responsible use of tax revenue Low employee turnover Transparency Student health



Risks in the business and the world outside

Our stakeholders often raise various types of risk for discussion in our conversations. Our stakeholders largely recognise the same risks we do, and in many cases we share the definition of the risk concerned. Dealing with risk is work that is constantly in progress across several levels of the organisation. The aim is to identify, manage and report various types of risk at the strategic, operational and financial levels.

Two distinctly operational risks, which are also important from a sustainability perspective, are the risk of shortage of personnel/skills and the risk of a lack of suitable premises. See also the Risk Report on page 63.

Risk of shortage of personnel

There is a major shortage of qualified school teachers and preschool teachers in all countries where AcadeMedia operates. To combat this risk, AcadeMedia focuses strongly on skills development and offering good opportunities for advancement, good leadership and highly-skilled colleagues. The aim is to reduce personnel turnover and to have our employees feel that they can recommend working with us to others.

Risk of lack of premises

Access to suitable premises is also a risk. This applies above all to central locations in medium-sized towns and cities. One way of solving the problem is to build campuses, where several schools share a complex of buildings. Our first campus has been operating for many years in Södermalm, Stockholm.

On the campus, two upper secondary schools and a compulsory school occupy different sections of the same large building and share dining facilities and certain other areas. The same concept has been applied in Nacka and Solna, Greater Stockholm. Our latest campus project, located in Uppsala, opened for the autumn term 2020.

Crisis management organisation put to the test

To reduce the damaging impact of any crisis, crisis management plans and crisis management teams are in place on different levels of the organisation. Every unit has a crisis manager, who in a crisis will be aided by crisis management teams at operational, segment or Group level. The plans, and the teams, are designed to provide an acceptable level of response in minor and major crises. The entire crisis management organisation was tested to its limits in terms of robustness and ability to manage totally unexpected and extremely difficult situations at the start of the Covid-19 pandemic. The aim of crisis management is in all cases "to minimise the acute damage in situations where the normal organisation is inadequate". It is too early to assess the crisis management during the Covid-19 crisis in detail, but the organisation has clearly passed this stress test well. More information on crisis management is provided further on in this sustainability report.

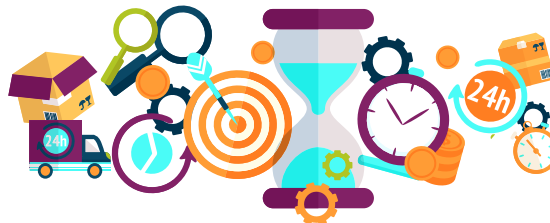
Cooperation partners

Much of the material that AcadeMedia produces is shared with other providers. This became clear during the Covid-19 pandemic,

when the comprehensive planning by AcadeMedia in late February and early March, just when the Covid-19 pandemic broke out in Europe, was published in its entirety both on AcadeMedia's website and on that of the Association for the Independent School Sector. AcadeMedia's crisis management organisation was also contacted by several other education organisations, both municipal and independent, and in all cases we shared both material and experiences. During the Covid-19 pandemic, we acted as representatives of the Association for the Independent School Sector in meetings with the Swedish Ministry of Education and Research, the Swedish National Agency for Education, the Swedish Schools Inspectorate, the Swedish National Association for Ideology-Based Schools and the Swedish Association of Local Authorities and Regions (SALAR). These meetings, chaired by the Ministry of Education and Research or the National Agency for Education, were intended to enable us to create tools together to enable the organisations to provide all students/participants with the education to which they are entitled, while also preventing spread of the virus.

AcadeMedia is member of a number of organisations. Examples of organisations of which we are members:

- The Swedish Association of Independent Schools
- Private Barnehagers Landsförbund (PBL) in Norway
- Deutsche KiTA Verband
- Association of Private Education Providers



AcadeMedia's policies

The following policies govern AcadeMedia's work and are posted on AcadeMedia's employee website.

- Anti-drugs policy
- Work environment policy (page 32)
- Cookie policy
- Data protection policy (page 32)
- Company car policy
- Information security policy
 - Information security policy for student health service's medical interventions – upper secondary schools
 - Information security policy for student health service's medical and psychological interventions – preschools and compulsory schools in Sweden
 - Policy for use of digital tools
- Procedure for digital investigations
- Purchasing policy (pages 42, 44)
- IR policy
- Gender equality policy
- Communication policy (page 46)
 - Guidelines and agreements relating to Internet use
 - Insider information policy
 - Social media guidelines
 - Crisis management guidelines
- Salary policy
- Pension policy
- Staff car policy
- Staff safety policy (page 32)
- Event/meeting policy
- Policy on gratuities
- Rules on image processing
- Recruitment policy
- Travel policy (page 43)
- Guidelines on own teaching material
- Guidelines on work at home
 - Guidelines on insurance when working abroad within AcadeMedia Group
- Tax policy (page 31)
- Duty of confidentiality
- Code of Conduct (page 38)
- Dividend policy (page 9)
- Whistleblower policy (page 38)
 - Submitting a whistleblower report (page 38)

- Ifous, which is an independent research institute that focuses on creating benefit for Swedish schools and preschools
- Confederation of Swedish Enterprise

A sustainable supply chain

Supplies of goods and services in Sweden, in the right volumes, to the right locations and at the right times, are in the main assured by AcadeMedia’s more than 200 framework agreement suppliers. Our Norwegian and German operations also have centrally negotiated agreements in place.

Our centrally negotiated agreements include clauses on developing a sustainable operation and working towards a sustainable society. All framework agreement suppliers commit to comply with AcadeMedia’s Code of Conduct, and they are required to provide appropriate guarantees in their deliveries such that we can conduct our business with the minimum number of disruptions. For certain business-critical systems/deliveries, we have double suppliers so that if one fails the other can deliver. This is the case for our WANs, our Wide Area Networks (data networks that cover an entire region). AcadeMedia has a large number of IT systems, and we are constantly assessing various types of risk in order to mitigate them. This process also includes determining, in our continuity planning, which systems are the most critical so that in the event of a failure of major proportions we can set the right priorities. During the year, a Head of Risk and Security for our IT department was appointed to further increase our ability to handle risk.

Above all at preschools and compulsory schools food deliveries are critical in determining whether the unit can function or not. Every year, we experience occasional interruptions of service due to unforeseen events (for example, a food delivery is held up in traffic and fails to arrive until after the end of the school day). Such events are often dealt with by our personnel improvising and in many cases the improvisation becomes a memorable experience (such as when pizzas have to be brought in during school hours) for both children and employees. To counter the effects of major disruptions, some schools have their own kitchens that can scale up operations and deliver to other schools, and we also have several framework suppliers who can help each other out with both cooked meals and ingredients.

Generated and distributed economic value

AcadeMedia provides education for 182,000 individuals every day. We are also a work-

place for 17,600 employees. We rent a total space of just under 885,000 m² from around 560 landlords in Sweden, Norway and Germany. We pay salaries and tax, tax that benefits our employees, society and central government finances. This creates payment flows, and a level of prosperity that affects all AcadeMedia’s stakeholders.

Tax is an important sustainability issue for all societies and their citizens.

AcadeMedia has operated a tax policy since 2014. The policy states that in areas where the rules are unclear, the Group shall act prudently, with caution and transparently.

Over the next few pages, we describe how we control, what we have done and what we have achieved through these initiatives during the year in our four focus areas. In the sections entitled “Insight”, we explain how the Covid-10 crisis affected some individuals and give examples of the practical measures we took to manage the situation during these unique times.

Direct economic value generated and distributed 2019/20		(SEK m)
Society	Social security costs, pension costs, income taxes, value-added taxes, withholding taxes, property tax	3,817 (3,747)
Suppliers	Cost of food, teaching materials, rents (leasing fees) etc.	3,326 (3,205)
Employees	Salaries and remuneration	4,278 (4,106)
AcadeMedia	Total investments	327 (525)
Shareholders	Dividend (proposed by the Board of Directors)	158 (131)

New policies and guidelines during the Covid-19 crisis

During the Covid-19 crisis, AcadeMedia published a number of entirely new policies and guidelines. We also made amendments to some existing documents. Some were still in force at the end of the financial year, while others have been removed because the situation has changed. All guidelines are updated on an ongoing basis. Period of validity in parentheses.

- AcadeMedia’s Covid-19 guidelines (27 February 2020 - 18 June 2020)

This policy governed how people who had been in risk areas should act. It also stated general guidelines on how AcadeMedia should act to reduce the spread of infection.

- Guidelines for employees (11 March 2020-19 - March 2020)
- Guidelines on distance and home education, compulsory and upper secondary schools (17 March 2020 - the present)

A description of the criteria that must be met for distance and home education to take place.

- Temporary guidelines on the serving of meals (25 March 2020 - the present)
- Recommendations for schools at break-up (15 April 2020 - 25 June 2020)

Both authorities and government expressed considerable concern about schools at break-up time. The guidelines offer certain

opportunities for schools to “open the gates” physically, but the main directive was for digital break-ups. All forms of major meal celebrations and festivities were banned.

- Guidelines for compulsory schools (26 May 2020 -1 8 June 2020)

This guideline applied to the compulsory schools, which, unlike upper secondary schools, remained open throughout the spring. The aim was to reduce the risk of infection and to make clear the circumstances in which a unit could provide distance teaching to some of its students.

- Guidelines for the autumn for all units (18 June 2020 - the present)

These guidelines state all the important rules as to how principals should handle the conflict between “all units shall remain open” and “we shall do everything we can to limit the spread of infection”.

Additions to existing policies/guidelines

- Travel policy (16 March 2020 - the present)

The policy reduced travel to more or less zero during the spring. In the summer, the wording was changed to “only business-critical journeys” were allowed. The guideline also applied to students on work experience abroad. Such students who were abroad in February/March were brought home and none were allowed to travel later during the

spring. The autumn’s work experience travel was also cancelled in 2020.

- Guideline on holidays (11 March 2020 - 15 August 2020)

This guideline provided scope for managers to grant holidays later than normal in view of the spread of Covid-19.

- Guidelines on home working (3 April 2020 - the present)

This guideline states how decisions on home working should be taken. It also addresses work environment and insurance issues.

- Guidelines on meetings and events (11 March 2020 - the present)

These guidelines aim to sharply restrict the number of physical meetings between individuals who rarely see each other in person. For working group meetings at units, a special checklist applies.

- Guidelines on workplace training (WT) and work experience placements (12 March 2020 - the present)

Many workplaces refused to take students for work experience placements during the spring. In order to create opportunities for students to complete their education, including work experience and workplace training (WT), a guideline was needed for principals to work from.





SUSTAINABILITY REPORT | LEARNING

Fine-tuning our work on quality – to make our teaching even better

The “Learning” target area centres on our core mission of helping people and communities to develop and grow by offering a good learning environment. We take a child, student and participant-centred approach. It is for their sake, after all, that we are here.

Our core mission can also be summarised in the UN’s Global Goal 4: Quality Education for All. However, our core mission is also relevant in terms of how we achieve Goal 1 (No Poverty), Goal 3 (Good Health and Well-Being), Goal 5 (Gender Equality), Goal 8 (Decent Work and Economic Growth), Goal 10 (Reduced Inequalities), Goal 11 (Sustainable Cities and Communities) and Goal 16 (Peace, Justice and Strong Institutions).

AcadeMedia’s new quality management system

AcadeMedia created the AcadeMedia Model, the Group-wide quality assurance model, nearly ten years ago. It was developed to provide the entire Group with a standard model for quality and organisational development and since then has served as our quality assurance platform.

For AcadeMedia’s businesses to achieve their goals and create a stable, long-term and sustainable organisation, they must lead in qual-

ity, attractiveness, efficiency and innovation. We must also be a learning organisation. However, in recent years, the need to develop the quality assurance model, and work on quality, has become more evident. This is for two important reasons. Firstly the gap between the results of different schools is too wide, and secondly results from Swedish schools need to be improved generally.

Development has been under way for around two years, and at the end of the previous financial year, a decision was taken to implement the new AcadeMedia Model 2.0 in the 2020 autumn term.

The AcadeMedia Model 2.0 contains the highly detailed collection of data and analysis of results that have been conducted for many years. What is new is that a increased focus has been placed on the processes and conditions driving the results in all four areas of AcadeMedia’s roadmap – learning, attractiveness, efficiency and innovative development.

When the model was developed, high-level correlation analysis was performed, comparing various results and KPIs to identify what factors affect learning, grade outcomes, attractiveness and profitability. The analysis was based on a large body of data, compiled from all preschools, compulsory schools, upper secondary schools and adult education providers in the AcadeMedia Group.

For example, as part of our effort to identify the most accurate result measures/indicators possible, we enlisted the aid of Statistics, Sweden (SCB) in developing separate metrics to determine the value added by the Group’s upper secondary schools. The added value is based on a calculation, a regression analysis, of the anticipated grade results of the schools based on the assessment levels in grade 9 that the group of students had when starting at upper secondary school. The value is intended to indicate whether the school has succeeded in its work on quality, that is, whether student results have improved or deteriorated during the period analysed.

Development of the AcadeMedia Model 2.0 also aligns with the government assignment in the spring to the country’s education authorities, including the National Agency for Education and the Schools Inspectorate. The assignment posed the question of what is required to direct and guide Swedish education towards better results.

What are the most important success factors? What will lead to better results? AcadeMedia has chosen to work purposefully towards the following four areas: the assignment in focus, proactive follow-up, collegial collaboration and active resource allocation.

It is also crucial for AcadeMedia to provide the Group’s preschools and schools proper

assistance and support so that our teachers and principals can focus on their important roles.

AcadeMedia's annual quality report

At publication of this annual and sustainability report, AcadeMedia will also present its annual quality report. In it, we describe our quality results on a Group-wide level, our most important quality outcomes and areas requiring development. It also includes an account of the principles of our work on quality.

The results for our various providers/operations are available on their respective websites, presented as part of our work on transparency. All quality reports at Group level are available on AcadeMedia's website, www.academedia.se. Every year, the report is sent, in printed or digital form, to a number of stakeholders, including MPs, government agency officials, opinion-formers and the media.

Health and safety/security

The expression "we are each other's work environment" fits well with the work of an education provider. Children, students, course participants, guardians and employees above all represent each other's psychosocial work environment. If we are to achieve the goals we have set up, and if we are all to maintain good mental health, we must have an environment conducive to development that promotes good health and is safe and secure. Safety and a healthy environment for development and learning are two of the most important issues for positive study results, which is why the issue is fundamental to our entire operations.

On 1 December 2018, the position of Head of Safety and Security was created, with oversight of safety and security issues. Responsibilities cover everything from crisis management, to physical security at preschools and schools and management of AcadeMedia's whistleblower process. The task has developed into a role with both strategic and operational responsibilities. The majority of cases consist of threats, conflict management and basic safety issues.

Privacy

In a world with more and more ways of seeking out, spreading and even falsifying information about individual people, there is a growing need for protection of personal privacy. In May 2018, GDPR, a directive governing how personal data is to be handled within the EU, passed into EU law. The intention is to increase protection for the privacy of every individual. The legislation is important to all employees, and to the children, students and participants who have chosen AcadeMedia. When the legislation came into force, AcadeMedia published a Web-based

"The most important thing is that we remember who we are there for, and why. An education provider is not just any kind of business. Helping to shape the future for children, students and adult learners is a major responsibility that we must not lose sight of when organising and conducting our operations. But it is also about learning from each other, working proactively and maintaining a high level of self-assessment in order to assure good quality."

Ingela Gullberg,
Head of Quality at AcadeMedia

course that is open to all but is tailored to our own personnel. The course is compulsory for everyone employed by the Group.

AcadeMedia operates a separate data protection policy governing how we handle personal data and how we act when an incident occurs. The personal data of students is the responsibility of the provider concerned. This means that responsibility rests with the board of directors of the company holding the permit to provide educational services. For example, Vittraskolorna AB is responsible for personal data relating to all children and students at Vittra schools. Like Vittra, every operation has a data protection officer. AcadeMedia has a total of four data protection officers whose role it is to ensure protection for personal privacy.

During the financial year, we had 6 (8) personal data incidents that were reported to the Swedish Data Protection Authority. None of these incidents has resulted in any actions by the Authority, however, as an organisation we have learned from these occurrences and have taken steps to prevent any repeat incidents.

When a personal data incident is reported, the data protection officer contacts the person disclosing the incident to make sure that the episode has been reported correctly and that all necessary information has been provided. Next, the data protection officer is informed. If the incident arises from automated processing of personal data, a check is also made to ensure that AcadeMedia's IT department is contacted so that appropriate action can be taken.

The data protection officer then makes a judgement as to whether there is any risk to the rights and freedoms of those registered (those who are affected by the incident in that their personal data is used in an

unauthorised way), whether the incident should be escalated to the Data Protection Authority and whether those registered are to be informed. The person responsible for deciding on the issue based on the assessment/recommendation of the data protection officer is the personal data controller. All cases are documented in AcadeMedia's case management system. No complaints (1) were received during the past year regarding the management of a personal data breach.

Staff safety policy

In order for all employees to be aware of how we see, and how we respond to, safety issues, we have a staff safety policy. Our employees do jobs that affect many people. These jobs sometimes involve communicating decisions, or handling situations that may cause emotional stress or are challenging for other reasons. Threats are made to employees, and stalking and other unpleasant situations arise. Our staff safety policy provides tools for all AcadeMedia's workplaces to help manage such situations. The policy is available on AcadeMedia's publicly available employee website, and is free for others to use either in part or in its entirety.

Work environment policy

Our work environment is one of the single most important issues to the Group. Therefore the policy in this area begins with the words: "A good work environment is a competition issue and also a strategic issue for AcadeMedia and its operations."

Our work environment efforts will create a physically, mentally and socially positive and stimulating workplace for all employees and students/participants, where the risk of occupational injuries and work-related illness is prevented.

The most important work environment activities take place at the individual units. We are each other's work environment. At every level in AcadeMedia, we maintain close dialogue with trade union partners and cooperate at several different levels (local, sector and Group level). At Group level, we have a Work Environment Council including Head of HR, all HR managers and four regional safety representatives from the National Union of Teachers and the Swedish Teachers' Union. The primary function of the Work Environment Council is to drive work environment issues.

KPIs

The non-financial KPIs on pages 52 include a selection of our most significant outcomes in the 'Learning' target area.

SUSTAINABILITY REPORT | LEARNING

Working and studying remotely – a lonely but real learning experience

It wasn't at all as expected. It felt strange. A little lonely. At the same time it was in many ways a real learning experience. For students, teachers and school managers.

"The most difficult thing was not being able to ask questions as usual. Having the teacher on a screen rather than physically nearby. It just didn't feel like being at school, says Wilma Karlén, who in June took her upper secondary school leaving certificate at the Drottning Blanka Upper Secondary School, Skövde, ."

When the news came on 17 March that all upper secondary school and all adult education courses were to switch to distance teaching, it all went very fast. On the 17th itself, the school had an inset day, a day that teachers were able to concentrate on planning for distance teaching. Planning went quickly; the school had long used digital tools and all lesson plans were already in digital form. To a large extent, the existing timetable applied.

Nevertheless, it was a very peculiar last term at school for Wilma Karlén, who took her leaving certificate in the Stylist Programme in the spring.

"The first day that we switched to distance teaching, I was really happy. I thought it was great fun to study at home. That feeling soon passed. I missed my teachers, I missed my friends. It was really nice when, after a while, we were allowed to go into the school and carry out a few practical tasks. It was easy to work on the theory subjects at home; it's more difficult with the skill-based subjects."

Strong motivation needed

When Wilma Karlén talks about the spring, she comes back again and again to how everyone worked hard to make sure that distance learning worked, both socially and educationally. The work paid off. The students arrived punctually for their digital lessons, better than they usually did at school. (Nearly) everyone got back in time after various breaks or tasks. She says that this was partly because the teachers coached more than usual and spent a lot of time and energy on motivating the students both to be

in place and to carry out their tasks as they were supposed to, just as they do at school. Even if during the second half of the spring term "in place" meant at their computer on the desk, at home.

"One of the most important things to me has been to think of myself as being at school even if I'm at home. I'm in my lesson, and I have to do what the teacher tells me to do. Without my own motivation, it wouldn't have worked. I was in my last term, and I wanted good grades."

She succeeded. Despite feeling lonely at times, despite it being more difficult to ask questions and discuss tasks with the teachers, her grades were better than Wilma Karlén had expected.

"It suited me to have a lot of written tasks and to concentrate in the way I found I could when I was working at home. After all, at school, you talk a lot with your friends instead of working at what you have to do."

"At the same time, it's important to be at school. The first time we were allowed to go back to do practical work at school, a lot of feelings came at the same time."



Teachers at the Drottning Blanka Upper secondary school, Skövde, central Sweden, work at the school but teach remotely.



Catarina Higgins, Principal at the Drottning Blanka Upper secondary School, Skövde.



Wilma Karlén, student, final year class 2020, at the Drottning Blanka Upper secondary school, Skövde.

Trained in dealing with reversals

Catarina Higgins, is Principal at the Drottning Blanka Upper Secondary School, Skövde. She, too, had a tumultuous spring. She believes that one reason why the situation worked out as well as it did was the "resilience project" that many people at Drottning Blanka schools had worked on for many years. The project aims at developing the ability of students to deal with reversals, and in every situation, try and find ways of bouncing back.

"What happened during the spring was a huge change, not to be able to go to school, not to be able to meet friends. The attitude of the students, and the staff, enabled them to deal with distance learning better than I actually anticipated", she says.

The attitude of the students and staff was important, as was their familiarity with using digital tools. Another factor that Catarina Higgins highlights is that a way was found for students to spend time outdoors as part of the teaching scheme.

"It's not possible to be on the computer all the time. We sent students out on walks, they videoed themselves and in some cases performed tasks while they were out".

Catarina Higgins describes herself as "something of a control freak". When she looks back on the period from 18 March until the end of term, two things above all stand out.

Students are the lifeblood

"Normally, there are lessons taking place everywhere in the school. I see everything that is happening. While I was walking around an almost empty school, with both teachers and students at home, I wondered whether lessons were really taking place out there. I had to learn to be much more trusting, and I quickly realised that everyone was living up to the trust. The teachers and the students have managed the situation impressively.

"I also discovered that the job of a principal is no fun without having the students around me all the time. I've missed them hugely.

It's the students who are the lifeblood of the school. The first time I saw students at the school since 18 March, I welled up with tears".

Both Principal Catarina Higgins and recent school graduate Wilma Karlén think that distance education could become part of the way schools work in the future. Not how it was done during the spring of the Covid-19 pandemic, when all the students worked at home more or less full-time. But for some students, and for some assignments, home working is appropriate. The explanation is simple, as Wilma Karlén puts it:

"What I missed most was being able to be at school. When I couldn't do that, I missed it terribly. I didn't think I would".

"At the same time, there are students who learn better at home, and there are some subjects that can be done well remotely. You should be able to choose, so that everyone has the same opportunities".

SUSTAINABILITY REPORT | EMPLOYEES

Learning at the heart of everything

AcadeMedia consists of people who are driven by the idea of creating a better and more sustainable society, based on education and learning – Change through Education.

At AcadeMedia, we practise a sustainable approach to our employees' working conditions and potential for development, as our employees are the most important resource we have for producing excellent quality results in our operations.

We take a long-term approach in how we, as an employer, relate to our personnel, with forms of employment that build lasting relationships based on the conditions of the business. Our employees are also responsible for applying their own values in translating AcadeMedia's core values into actions and behaviours. Together, we create a healthy culture in which we help our colleagues to benefit from conditions enabling them to reach their full potential – together, we are stronger.

Balance in life

Our employees should feel able to maintain a balance between work and their private life. During spring 2020, this was a challenge, as many of our employees in adult education, upper secondary schools and our support functions were working remotely because of the Covid-19 pandemic.

Employees at many of our compulsory schools were also dealing with a heavier work load. For different reasons, quite a large number of compulsory school students were unwilling to stay on school premises and therefore needed help with studying at home. There were considerable variations between the schools.

During the period, AcadeMedia provided support at central level to leaders who were supervising remotely, and we conducted surveys into how the work environment and well-being of employees were affected by

the changes to working situations. According to the surveys, employees felt that AcadeMedia as a Group, and our managers, had managed the crisis well and had created favourable conditions enabling employees to continue performing their work.

Work on core values

AcadeMedia's core values are based on the words courage, passion and trust. Diversity shall be promoted and differences harnessed as a resource. During the year, we worked on self-leadership, culture and strengthening of brand identity on the basis of our core values. This is contributing to a shared culture underpinning work towards the UN's Global Goals, especially Goal 4 "Quality Education".

Trade union cooperation

AcadeMedia's Swedish operations have collective agreements with the Employers' Organisation for the Swedish Service Sector (independent school agreement covering National Union of Teachers, Swedish Teachers' Union, Swedish Municipal Workers' Union and Vision) and the Association of Private Education Providers (education agreement covering Swedish Association of Graduate Engineers and Unionen). At AcadeMedia, the Swedish Municipal Workers' Union has 0.4 full-time positions, the Swedish Teachers' Union has a National Division with 4.6 full-time positions and the National Union of Teachers has a Group branch of 3.8 positions. These positions are paid for by AcadeMedia. Within the framework of the independent school agreement, AcadeMedia has signed a local partnership agreement with the Swedish Teachers' Union and National Union of Teachers. The teachers' unions also have seats on AcadeMedia's Board of Directors.

Payroll survey

AcadeMedia carries out annual payroll surveys to ensure that we pay equal salaries. The spring 2020 survey has been delayed

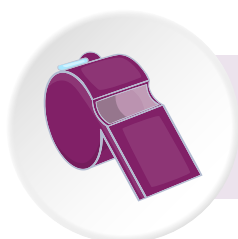
partly by a change of system for HR KPIs, and partly by the Covid-19 pandemic. The survey is to be conducted at the earliest opportunity and any actions identified as necessary by the survey will be taken promptly. Last year's survey revealed that AcadeMedia had equal pay at its compulsory and upper secondary schools, where the salary differences are less than one percent. There are no indications that this situation has changed in a negative direction.

Code of Conduct and whistleblower function

AcadeMedia's Code of Conduct is updated annually and represents the framework for an ethical approach to our day-to-day work. Issues such as anti-corruption, an ever-present children's perspective (in which context the UN Convention on the Rights of the Child was incorporated into Swedish law during the year) and how we interact with colleagues and other stakeholders in good times and in bad, are of particular importance to us.

Our whistleblower function, which was set up in 2013, is our most important support and control function for the Code of Conduct. The whistleblower function is available to everyone. How to use it is posted on the AcadeMedia website, as well as in our annual sustainability report. The service is administered by an independent provider who makes an initial judgement and is responsible for maintaining contact with the whistleblower. There are several channels for submitting a whistleblower report. It may be done totally anonymously or the person can give their name. If the latter, the person's identity may be hidden from AcadeMedia, but around half of those who make a report nevertheless allow AcadeMedia's whistleblower committee or its chairman to know the whistleblower's identity so that further questions can be asked.

During the year, 17 whistleblower reports were made, four of which were judged



Submitting a whistleblower report

Web address: wb.2secure.se

Code: EMS274

Post: 2Secure, Box 34037, 100 26 Stockholm

**Telephone: (+46)-771-77 99 77,
weekdays 8 a.m.–4 p.m.**



to require further investigation. For those where we know the identity, the majority were made by employees, some by guardians and one by an entirely external individual. All reports are examined and feedback is communicated to the whistleblower. In the cases where the report is not regarded as justified, the question is often raised as to whether – because the matter is often an HR issue – we should refer the matter to the appropriate HR level or union representative. If the whistleblower agrees, the matter is referred in accordance with that person's wishes. If the report is considered justified, it is investigated either by AcadeMedia's legal staff or by an external, independent party. AcadeMedia's whistleblower committee decides how the matter is to be investigated. The committee is made up of representatives of AcadeMedia's legal staff, HR function and Board of Directors. It is chaired by AcadeMedia's Head of Safety and Security.

Anti-corruption

AcadeMedia shall in every situation combat corruption and bribery. We base our actions on clear rules. Our Code of Conduct and our purchasing policy are available for everyone to read on AcadeMedia's public employee website and the Code of Conduct is monitored by all support functions. Our purchasing policy is monitored by the purchasing function.

To reduce the risk of corruption and bribery, we have also chosen to use pre-negotiated framework suppliers to the greatest extent possible. This is especially important in sectors where the risk of corruption and bribery is tangible. The sectors where we consider the risk to be high are building, cleaning and consulting services. We regularly analyse where the biggest risk of corruption and bribery exist in our organisation, and we also include the issue in a number of different courses, including crisis management training for managers in the Group.

Social responsibility among our suppliers

The sustainability area Employees also covers supervision over supplier social responsibility. This supervision is exercised by the purchasing department at the signing of framework agreements and is monitored continuously. One of the most important points of supervision is to verify that the agreements signed are at reasonable levels.

AcadeMedia shall never sign agreements that are priced low on the supplier's side, such that the latter cannot fulfil the collective bargaining agreements in place, or may perhaps find it necessary to engage undeclared labour in order to deliver on the contract.



Activities during the year

EMPLOYEE SURVEYS

- AcadeMedia conducted its annual employee survey, as in previous years, with the aim of obtaining a picture of employee well-being and what employees feel about their working conditions. The annual employee survey indicates largely stable figures and good results, but also provides valuable information as to the operations and areas that need improvement in. Furthermore, this year we took the pulse of several areas to determine the experiences of and perceptions in various employee categories regarding the impact of the Covid-19 crisis. The information from these investigations has helped us prioritise the right initiatives during the ongoing crisis, but we have also learned a lot about how best to support our employees in the long term.

DIGITAL COURSES

- During the spring, a wide-ranging programme took place, aimed at both improving our digital training platform, Utbildningswebben (Training Website), and at widening the offering of digital courses to our employees. We produced our own marketing material on the subjects requested by the organisation, such as extensive information to parents and carers on distance learning and remote teaching. We also offered webinars and new digital forums for learning, including leader lunches and Friday coffee breaks for support personnel working from home. In addition, a large number of MOOCs (Massive Open Online Courses), including some from Harvard University, were made available to expand our offering.

WORK ENVIRONMENT COURSES

- A digital work environment course was completed during the spring, with the aim of creating a flexible and accessible way for managers to develop their work environment knowledge. This will be compulsory in future for all managers, to ensure they have the right expertise

to discharge their responsibility for systematic work environment management within the scope of their duties.

LEADERSHIP DEVELOPMENT PROGRAMMES

- AcadeMedia has long prioritised leadership provision and leadership development for internal leaders, via two separate leadership development programmes. For the fifth year, AcadeMedia ran its Talent Programme for future managers. The programme prepared 23 in-house leadership candidates for their first management role via a one-year group-based leadership development programme. The Mentoring Programme for senior managers took place again. Eleven managers were matched with a mentor from another part of the organisation to work on leadership development and experience sharing over at least seven meetings in pairs and three in whole groups. As a new focus area this year, a development initiative was also launched with the aim of both boosting the capacity of individuals for strategic thinking and professionalism, and providing Group management with new perspectives on important issues. Two strategic development groups each comprising four senior managers were set up, each with one important focus for the future – Sustainability and Teacher Supply. The groups worked for six months to establish priorities and proposals for activities arising from their respective area of focus, and later presented them to Group management.

SUPPORT PROGRAMME

- During the year, a special programme was conducted with a focus on employees in support functions for AcadeMedia at central level. A development programme over four meetings strengthened the collaboration between support functions, Group culture, core values and the link to the core business.



SUSTAINABILITY REPORT | EMPLOYEES

Educational activities despite closures

In the afternoon of 12 March, a press release arrived from the Norwegian government. It contained a message from Erna Solberg, Prime Minister of Norway.

“Today, Norway’s government announces the strictest and furthest-reaching measures we have ever taken in Norway in peacetime. This is absolutely necessary.”

The press release stated that Norwegian preschools and schools were to close because of the Covid-19 pandemic. Despite the closure of preschools, Espira’s staff succeeded in providing approximately 9,700 now home-based children with both structure and educational content.

The day after the press release, all preschools and schools in Norway were closed. Only children key workers and children with special needs were allowed to continue attending.

Espira’s management were informed at the same time as everyone else. Jens Schei

Hansen, crisis manager at Espira, had this to say just a few hours after the press release had been sent out and the company was working flat out closing just over 100 preschools.

“Things are moving fast today. We had four hours to close and three of those hours have passed. We’ll probably manage to do what we have to. What we don’t have time for, we’ll do tomorrow.”

The next day more than 80 percent of the children were at home, and Norwegian families with preschool-aged children had to find a new way of dealing with everyday life. For Espira’s employees, everyday life also became new and different. Childcare is difficult to provide remotely.

Digital meetings

“Our employees were unbelievably creative, they arranged digital meetings, they offered lots of suggestions for educational home activities and they produced a great deal of digital material. This made it easier for many parents, who got useful help with a certain

amount of educational activity at home. We were in close contact with all the families, and that’s one of the reasons why it went as well as it did”, says Jens Schei Hansen.

The crisis management team, which started work immediately, was available to all preschool heads from 6 a.m. to 11 p.m. The team was made up of four members, whose tasks included compiling and publishing all relevant information from the authorities and answering questions from the principals about Covid-19. The most frequently asked questions were about quarantine rules (Norway was largely in quarantine through this period) and about which symptoms people should look for in children and employees. Another major question was about which professions would be classified as key workers.

Ensuring that the management at all preschools had accurate information at all times created stability.

“One of the challenges of managing this crisis was the huge amount of information and how it was constantly changed at short no-

la Norvège rouvre ses établissements pour les plus petits

Les rires remplissent de nouveau l'aire de jeux muette depuis cinq semaines. Malgré des réticences, la Norvège a commencé à rouvrir ses établissements pour les plus petits lundi, un timide semblant de retour à la normale face à l'épidémie de nouveau coronavirus.

Réagir Mis en ligne le 20/04/2020 à 16:15 Pierre-Henry Deshayes - AFP



The AFP news agency distributed a report that was published in a number of newspapers.

Translated, the report reads:

"Norway is reopening its childcare centres for the very young.

Laughter again fills the playground that has lain silent for five weeks. Despite concerns, on Monday Norway started to reopen its childcare centres for the very young. A cautious return to normal during the new Covid-19 pandemic."

tice. So it took a great deal of time to obtain and process information and then publish it so that everyone knew what applied", says Jens Schei Hansen.

"It was an extreme situation, with first the closure and then the reopening of our preschools. We were also prepared for much worse scenarios than Norway had experienced up until then.

Another important task for the crisis management team was to provide support in planning for reopening.

"To begin with, we didn't know how long the preschools would be closed for, whether it was a week, two weeks, a month or even longer."

It proved to be a little over a month. The day for reopening was set as 20 April.

Espira's reopening made world headlines

If closing the preschools went quickly, careful planning went into reopening them. Many chose to reopen in stages. The reopening day

itself, 20 April, was made into something of a celebration in Norway, and Prime Minister Erna Solberg decided to mark how important the day was by attending in person when Espira Torshovdalen threw open its doors again. Norway's TV2 broadcast a report, as did a number of newspapers, and Espira was a major news story in Norway. However, no one anticipated that the reopening would generate 300 international media reports. Espira was in the news everywhere, from Mexico to France.

Interviewed on Norway's TV2, Erna Solberg said:

"It's important to open the preschools, because as we know young children are the ones that are least affected. In the schools, more adaptations have to be made than are needed in the preschools. It's also important for children's development to be with other children and to receive the educational instruction they receive in preschool".

Kathy Dayvary Larsen is Head of Espira Torshovdalen. She was interviewed in the local Sagene Avis newspaper.

"We have 80 children in our preschool. Overnight, this was reduced to three. However, that number gradually increased as parents had their jobs classified as key. However, eleven children in a preschool that normally holds 80 is a drastic change.

For the reopening, we contacted all parents to find out whether they were going to send their children back to preschool. Most decided to do so.

"We will organise the reopening properly, and at the same time expect that we will need to adapt activities as we go along. It's important to have a workable cooperation with parents. We're flexible and are trying to do our best in the situation that we're in. Our focus is that children should have good days with good educational content, along with their friends at preschool", says Kathy Dayvary Larsen.



SUSTAINABILITY REPORT | ENVIRONMENT

Travel ban worked – but physical meetings are necessary

One of the most important recommendations from the authorities during the Covid-19 pandemic was reduced travel. With travel largely ceasing at the beginning of March, we have learned that a lot can be done, and good things, via digital meetings and remote working.

We have also learned that physical meetings are tremendously valuable.

In last year's sustainability report, we wrote that "Travel within the Group is increasing as we grow. Both rail and air travel is increasing. We need to work hard primarily to cut the number of flights, and also to reduce overall travel."

Sometimes travel is important

One important lesson from the spring is that we can reduce travel. Another is that we need to travel. In particular, school managers (the principal's immediate superior) and directors of education (the school manager's immediate superior, with responsibility for one or several brands) need to visit preschools, schools and adult education units in order to do a good job as managers and leaders.

However, during the spring, many asked themselves the question of how much they actually need to travel. In the past, was the amount we travelled necessary? Our travel policy states that we must always choose the mode of travel that is cost effective, safe and that makes our environmental impact as minimal as possible. The year's KPI for travel provides a snapshot of how quickly an organisation can switch its mode of operation from physical to digital meetings. However, as a means of comparison, the figures are less important, as it is not sustainable for us as an organisation to adopt a goal of zero travel as a policy.

However, going forward, we should put to use the experience we have gained and carefully consider every journey that we are about

to plan. One way of properly fulfilling what the travel policy says about cost efficiency, safety and low environmental impact is, quite simply, not to take a planned journey if it is not strictly necessary.

Reducing food waste

All food that AcadeMedia serves shall be healthy, it shall have minimal environmental impact and we must do everything we can to reduce food waste.

Normally, AcadeMedia's preschools, compulsory schools and upper secondary schools serve around 87,000 meals from our own kitchens per week. We continuously measure the proportion of environmentally labelled ingredients and are striving to increase this proportion. Two clear targets are (i) to have two fully vegetarian days a week at units with their own kitchen, and (ii) to reduce the proportion of animal protein by 50 percent. To achieve these targets, we are conducting in-house training for chefs, where the focus is on plant-based ingredients.

During the Covid-19 pandemic, an app for ordering food was developed. We hope that it can also be used after the pandemic as a means of reducing food waste.

Premises and purchasing have major impact

In addition to travel and food, premises and responsible purchasing are the two key areas to work on in order to reduce AcadeMedia's environmental impact. Our goal is to serve as a role model within environmental responsibility in the education sector. To achieve that, we need to become better at climate-smart purchasing, and to reduce our energy consumption. Closer cooperation with our landlords to gather information about our energy consumption would better enable us to reduce our climate impact.

The facilities management support function, which operates with AcadeMedia's Swedish organisation, is tasked with providing support for systematic environmental work. Its target areas are:

- To create healthy indoor and outdoor environments
- To create efficient food handling and waste management (transportation and storage)
- To ensure that properties and equipment do not contain hazardous substances
- To strive for the minimum possible carbon footprint

The main tool of the purchasing department is AcadeMedia's purchasing policy. How it is formulated and how we use it in practice is highly relevant in terms of how well we manage our own, society's and the planet's resources.

One of the advantages of AcadeMedia's size is that we can negotiate favourable agreements with suppliers, on both price and sustainability.

Precautionary principle

AcadeMedia applies the precautionary principle as stated in Chapter 2 of the Swedish Environmental Code. It states that the very risk of negative impact on human health and the environment imposes an obligation to take action to prevent any disruption. The principle is applied in part via our ban on foods containing nuts on many of our premises. The risk of people with nut allergies suffering anaphylactic shock is so great that in many areas we have opted to ban nuts on our premises.

Supplier dialogue

AcadeMedia continuously evaluates our suppliers and their offerings either through multi-party discussions or via questionnaires. Our goal is to use our resources correctly and an efficient supply chain is a strong contributor to this.

In addition, a support function assessment is conducted every year, in which managers of our operations assess our support functions. The evaluation provides valuable information for developing processes in the support functions.



SUSTAINABILITY REPORT – ENVIRONMENT

From constant travel to no travel at all

AcadeMedia is a organisation that travels by rail. From July to December 2019, well over 2,000 of our employees in Sweden travelled by train for work. Of them, the most active traveller buying single rail tickets is Sofia Ekström, business developer and Principal of at KUI.

KUI is part of AcadeMedia's adult education segment. It offers courses in nursing & social care, child & after-school care and fitness & health. Sofia Ekström works on business development at KUI throughout Sweden. She also has local management responsibility for cities Växjö, Markaryd and Borås.

To Sofia Ekström, flying is never an option. She lives just outside Linköping, central Sweden, making flying is the worst choice, not just environmentally but also in terms of time and cost. The available options are her own car, train or bus. It's nearly always the train. To be precise, she took the train 80 times during autumn term 2019.

Undisturbed time

"To me, train travel means very efficient working time. No one disturbs me, I can't be tied up with phone calls, I can work totally uninterrupted. I can get a lot done and I've nearly always finished the day's work when I get home. If I drive myself, which I sometimes have to do when the timetables don't suit, my e-mails are all unread when I get home", she says.

She has always used the train a lot, mostly because of its practicality. She was familiar with the environmental argument, which she agreed with. However, the environment was not the main reason for her choice of mode of travel.

"I've always known that rail travel is good from an environmental viewpoint, but didn't think any more about it. Just opting to go by train is not enough, after all", she says.

A few years ago, KUI obtained environmental certification under the ISO 14,000 standard.

The process was a long one and involved many members of personnel.

"It gave both the organisation and me a good push. In particular, myself and many others started to think that it's not enough to simply take the best possible travel option for the environment. It's also about not travelling more than you actually need to. Every unnecessary journey, whatever environment-friendly option you choose, creates a negative effect on the climate".

Which journeys are genuinely important?

So, what is an unnecessary journey? It's a question that doesn't have a simple answer. However, the Covid-19 pandemic has forced many people to try and come up with an answer. The nevertheless fairly high volume of travel in the autumn has reduced to almost nothing. Meetings are instead taking place via different digital platforms.

Tips

- Increase the data allowance on your mobile so you won't be dependent on the train's WiFi.
- Take a break, get up, go to the buffet car, or just walk up and down in the train now and again.
- Don't answer your phone on the train, non-telephone time is efficient time. If you don't have the self-discipline to answer calls, take a seat in a "quiet coach", where there is a ban on mobile phone use.

Sofia Ekström, Business Area Manager at Sweden's Competence Development Institute (Kompetensutvecklingsinstitutet, "KUI"), took to the train for 80 business trips in autumn 2019.

"Now, before any meeting at a different location, I always ask myself whether the journey is necessary or whether there is another way to have the meeting. In-person meetings and relationships have always been an important part of my work, but in view of the environmental impact, and the time- and cost-effectiveness of travel, I mostly don't travel where I have established contacts and relationships. Instead, we have our meetings online, which works really well".

"As far as new customer contacts are concerned, or customer meetings where I have not met the customer many times, I usually travel to establish relationships for future collaboration. In those cases, going by train is my first choice. On the other hand, due to the pandemic I sometimes opted for the car instead of public transport", she says.

"The pandemic has taught us at KUI to use digital technology to a much greater extent for meetings and other activities. I have realised the advantages and am quite sure that I will travel even less in future and only make

journeys that are necessary. My travel was already going down before Covid-19, not least following our environmental certification, so my 80 trips during autumn 2019 were considerably fewer than previously".

Where journeys are necessary in future, it will normally be by train. It's time that is put to optimal use, and she gets a lot done on the journey too. In order to get the maximum use of her working hours she connects up as soon as she takes her seat on the train – not via the train's WiFi but on her own phone

Remove factors of irritation

"It's much better. Train WiFi is often unstable, and it can get highly irritating if it keeps cutting out all the time. To be able to work properly, it is important to prevent annoyances that may arise. Techno-hassles are the last thing you want".

Then she works until she arrives. If she has to change trains, she spends the waiting time sending e-mails on her mobile. The way she explains it makes it sound like she is thinking

about her job 100 percent of the time. She laughs at this.

"Yes and no. I think it's much better to work during working hours than working when I'm off duty. I travel for my work, and so I'm focused on my work even when I'm on a train or a bus, not just when I'm in the office. I also love my job, so using time well goes without saying".

Climate footprint and efficiency are two important reasons for taking the train, says Sofia Ekström. A third factor is safety.

"It's considerably safer to go by train than by car. I try to avoid driving long distances to meetings. Driving long distances with an early start and a late finish is much less safe than travelling by train or bus. The car has a couple of advantages – you don't have to fit in with train and bus times, and you don't risk delays or cancellations. And you can talk on your phone. Although, it doesn't make any difference, the car is standing still as much as it's moving".

SUSTAINABILITY REPORT | TRANSPARENCY

Openness requires trust and courage



Our transparent approach helps us ensure we are actively involved in developing the education of the future together with other stakeholders in society. Our size means we have a significant responsibility to inform others about what we do – both Swedish public-sector education and other independent school providers, nationally and internationally.

Transparency is an important element of a sustainable society and sustainable enterprise. During the Covid-19 crisis, this approach meant that the material we created and the experiences we gained were shared openly and disseminated actively to other stakeholders.

Given our size and the fact that we are present in all parts of the education chain, AcadeMedia is uniquely equipped to develop methods and values and to create material. Not only for internal use; much of what we do is also shared with others. The Covid-19 crisis has proven that AcadeMedia has a robust and sustainable organisation with the resources for, and the ability to act in, unforeseen situations. As our crisis management approach is known across the organisation and externally, our transparency makes it much easier for our employees to find and take in information. It is not always easy to be transparent when treading on entirely new ground and under conditions that are constantly changing. AcadeMedia chose to do so during the Covid-19 crisis, a decision that was based on two of the Group's values – trust and courage.

Work on transparency is in the main governed by AcadeMedia's communication policy.

AcadeMedia always shares

Under the general heading "AcadeMedia shares", we share a range of outward-looking activities, both under our own auspices and those of others. "AcadeMedia shares" reflects our values, whereby we join with other providers in shaping the education of the future. We need to be continuously open, even to discussing difficult issues, and

to invite dialogue with anyone who wants to speak with us.

During Sweden's Almedal Week in summer 2019, we held three fully-attended seminars and took part in several other events that in various ways linked to AcadeMedia's operations. A similar programme was planned for Almedalen 2020. However, Almedalen Week was cancelled due to the Covid-19 pandemic. The planned seminars will be held during the autumn in Stockholm, if the current pandemic guidelines allow.

AcadeMedia also regularly arranges industry seminars. For example, a fully-attended seminar on vocational training was held in February 2020. At the seminar, representatives of trade, industry and government as well as a number of students, debated the need for a change in attitude towards vocational education.

Media relationships strengthen our brand

We are also transparent in our relationship with the media. This is important because transparency is created through trust and credibility. We must respond promptly to the questions we are asked. Our media team is available 24/7, ensuring that we can be reached by both national and local media.

We have a major flow of news – see the figures on the next page. We highlight various positive news items from our operations and from the Group, but we also report what may be perceived as negative. In addition, multiple representatives of AcadeMedia take part in the public debate about education on a wide variety number of different platforms. Contributions range from debate articles in traditional media, to Facebook posts which attract considerable attention. For example, in one such debate, AcadeMedia protested strongly via our official channels and many employees followed suit on Facebook, LinkedIn and Twitter, when in June 2020 the National Agency for Education announced its decision only to publish statistics on school demographic composition and grades at national level. AcadeMedia's Head of Quality, Ingela Gullberg, wrote a well-received post

This is a translation of the Facebook posting above from Ingela Gullberg, Head of Quality

Yesterday's news that the National Agency for Education is shutting down all statistics about the country's schools and school principals was so incredible that it was difficult to take in ...

This will be a pure blow to everyone who works for increased quality in the country's schools - and for everyone who works to make an already poorly functioning "school market" work better. The need to clarify which schools and school principals are good and which do not live up to the quality requirements is crying out.

The background to the National Agency for Education's actions is a ruling that says that information about independent schools' student composition and grades should not be disclosed - completely contrary to our obvious principle of transparent reporting of quality results. It's nothing more than an improbable meltdown going on right now.

Within AcadeMedia, we thankfully have our own systems for both proactively and retroactively following up and compiling how things are going for our preschools, schools and adult education units. We also publish this regularly and transparently both in quality reports and on websites. But what does it look like for other education providers?

This unfortunate decision certainly does not make it easier to do quality analysis - and makes it really difficult for parents, students and others who need to know which schools are good and not. ... Now a quick solution is needed - with the students' best interests in mind!

The changes will be implemented from Sept. 1, 2020

From Sept. 1, 2020, we will only publish statistics at national level. The following statistics will no longer be published:

- Individual preschools and schools (both independent and schools with a municipality, region or state as principal).
- Principals (both individual principals and public principals).
- The municipal level

This concerns, for example, information on the number of pupils, grades and the proportion of qualified teachers. The following statistical sources will be affected:

- Database Comparative figures and SALSA.
- The school unit register in Excel format on the National Agency for Education's website and the public API provided via Statistics Sweden. This register includes addresses and other contact information for the school units.
- The website Utbildningsguiden in the parts that show statistical information, which is the information system regulated in the ordinance (2015: 195) on a national information system for the school system.
- Search statistics on the National Agency for Education's website, for the levels mentioned above.
- The Swedish National Agency for Education's API with open data, Planned Education's API: parts 1 School units and 3 Statistics.
- Student statistics in the Excel file with addresses for all schools.

This applies to both statistics for previous years and statistics that will be published in the future.





Yearly news flow

120

Press releases

233

**News items at
academia.se**

279

Facebook posts

267

LinkedIn posts

on her personal Facebook page. See picture to the right.

Workplace – our dialogue forum continued to expand

During the year, the expansion of our dialogue forum, Workplace, continued in our largest segment, Upper Secondary School. In addition, more users joined in the Compulsory School segment. In the forum all employees can start discussions, post news and form groups in specific areas and subject categories. The aim is to create a transparent arena for dialogue, where the participating employees form the content. Workplace is often referred to as an “in-house Facebook”.

Our open intranet, the employee website, is accessible to all, not just to our own employees. Material may be freely copied, and we know that it is used by public sector and

independent providers. During the financial year, our employee website was partly revamped, with a more inviting and clearly laid-out home page, in order to simplify employees’ day-to-day functions with clear entry points to the most frequently-used topics.

Work on legislation and regulations

Our work of meeting politicians and making debate contributions of various kinds continued as normal during the autumn. In the spring, this work declined in scale. Instead, we worked intensively with a number of government agencies and organisations in connection with the Covid-19 pandemic.

In the spring term, we worked closely with the Ministry of Education and Research in developing regulations to address the prevailing situation. A large number of providers

held regular digital meetings, chaired by the Ministry of Education and Research or the National Agency for Education. As one of the representatives of the Swedish Association of Independent Schools, AcadeMedia was in a position to describe the reality of the situation and what authorities and government could do to establish optimal conditions for conducting a viable operation in a time of crisis (see also pages 48-49 in this sustainability report). Other participants at these meetings included the Swedish Association of Local Authorities and Regions (SALAR), the Swedish Schools Inspectorate and the Swedish National Association for Ideology-Based Schools. In June, when the spring series of meetings concluded, all providers involved agreed that the collaboration had been productive and that together we had been able to resolve issues in a way that would not have been possible without these constructive meetings.



SUSTAINABILITY REPORT | TRANSPARENCY

Transparency a must have also in times of crisis

On 21 February, an e-mail was sent to all managers in AcadeMedia Sweden. The e-mail included a message that was to be sent to all employees, guardians, and students at upper secondary school and adult learners. The text was about travellers from China and the spread of an infection (the e-mail is shown on the next page).

Few would have guessed then that just a few weeks later we would be migrating all upper secondary school and adult education to remote teaching. Or that the Group's entire crisis management team would be activated.

We decided to share, openly and universally, how we dealt with the Covid-19 crisis, via a timeline showing the major initiatives and decisions (to view the timeline, search AcadeMedia + tidslinje (timeline)). The timeline shows the crisis work in Sweden; our Norwegian and German operations have their own crisis management teams.

On 25 February, when the level of preparedness was escalated in earnest and crisis management was formally activated, an immediate decision was taken to share the material that we produced.

"It was a simple decision, that everything from information about various FAQ documents to policies and crisis management plans would form a high-volume stream of publications. We reorganised the communication department into a crisis editorial desk, where at times, hour by hour, we made



Annette Lilliestierna, Head of Communications and Public Affairs decisions about what would be published. You can't describe yourself as a transparent enterprise if you don't act as one when there is major uncertainty about what is right or wrong, as there was initially", says Annette Lilliestierna, Head of Communications and Public Affairs, AcadeMedia.

"However, looking back, it seems that we judged the whole situation correctly and that, through our openness, we helped both our own organisation and the world outside".

FAQs – Frequently Asked Questions – is a summary of answers to most commonly asked questions. FAQ sections are published both to ensure that everyone gets the same information about what is happening, and that the answers are available to everyone.

Crisis management work reported in DI newspaper

AcadeMedia's CEO Marcus Strömberg was interviewed in April in Dagens Industri (DI) business newspaper, about the Covid-19 crisis. He had this to say about how our work began:

"Weeks nine and ten were extremely critical weeks. It was then that several thousand people returned from winter holidays and the major infection entered Sweden. With hindsight, it could be said that the authorities should have acted more quickly. In week nine, it was taken a little too lightly".

DI goes on to write: "AcadeMedia, like the rest of Sweden, used their own judgement in handling the period up to 17 March, when upper secondary schools switched to



AcadeMedia's CEO Marcus Strömberg was interviewed in April in Dagens Industri (DI) business newspaper.

distance education, both to protect parents and to try and curtail the spread of infection in society".

"That's exactly what happened", says Paula Hammerskog, Head of Safety and Security at AcadeMedia, and Crisis Manager. In late February and early March, she received nearly 1,000 e-mails from, mostly from guardians and employees, but also from students with questions.

"Many were very frightened and uncertain, quite a large number wanted to keep their children home from preschool and school. Others were upset because they believed we



Paula Hammerskog,
Head of Safety and Security

were exaggerating. The majority of those who contacted us took the view that our attitude – to go by the precautionary principle – was sensible; that made it easier to keep to it”, she says.

Employee website the hub for all communication

In order to handle the increased information load, major resources were committed to communications during the crisis.

“We expanded our communication capacity because that getting the right information to the right individuals, at the right time and via the right channel when under pressure, plays a decisive role in how well it is possible to succeed in creating security and calm in an organisation subjected to high pressure”, says Annette Lilliestierna.

This meant, for example, organising a crisis communication centre to handle the vast amount of information that arose during the most information-intensive phase of the crisis. On the Covid-19-specific pages of the employee website, new information was published, and a special pop-up page meant

that no-one visiting academedia.se or the employee website could miss these information pages. A number of digital information meetings were also held at all levels of the organisation. AcadeMedia’s Group support functions also worked remotely during the spring and a number of different meeting structures were established to ensure that all support staff were informed about what was happening in the company enabling them to support the core activities in the best way possible.

Support for guardians

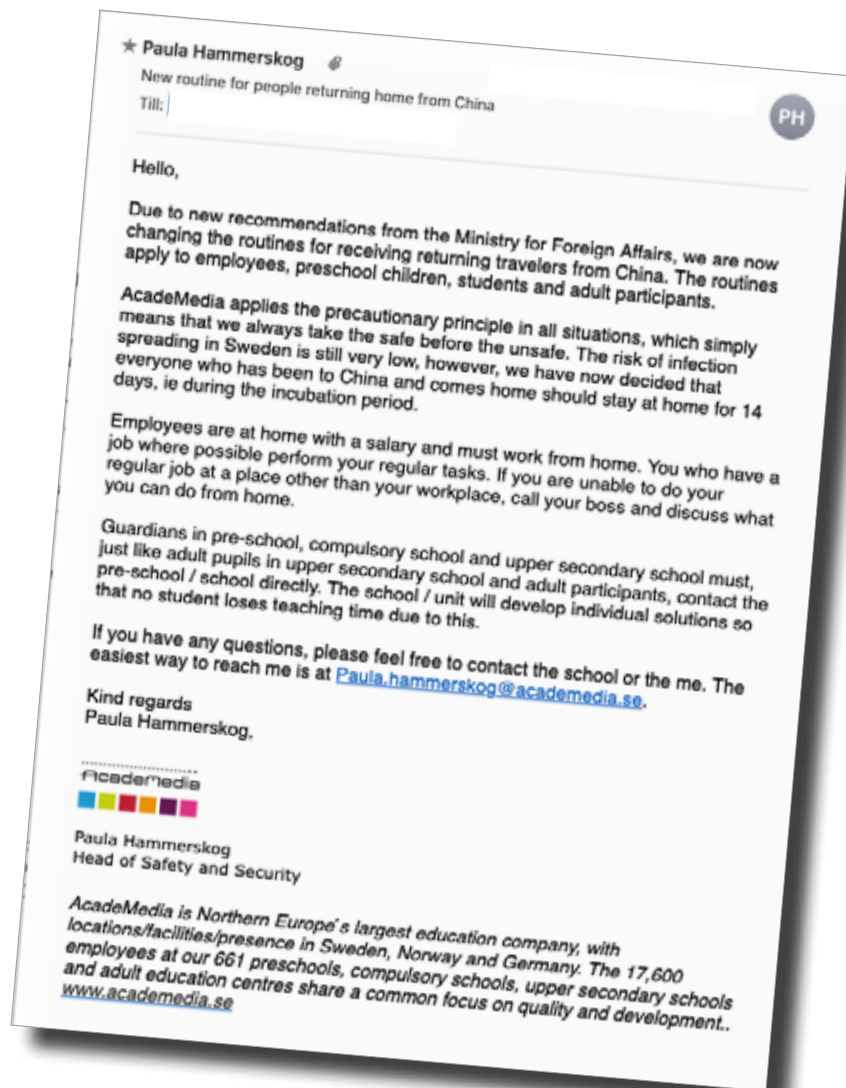
So, what was the most important information initiative? “That’s an impossible question to give a simple answer to”. However, Annette Lilliestierna singles out a series of videos that AcadeMedia Academy produced for a slightly surprising target group. Not, perhaps, because the initiative as such was the most important one, but because the target group really needed it.

“When the upper secondary schools switched to distance teaching, we quickly realised that parents and carers would have to take on a pretty heavy burden. Students

and parents needed practical advice on how to study at home. The same applied to many compulsory schools too, where quite a large number of students were at home, either because of parents’ concern, or because someone in the family had the virus”, says Annette Lilliestierna.

Just over 20 videos were produced. They had titles such as “SO for Junior and Intermediate Level”, “Craft Tips for Compulsory School”, “Physics Tips for Upper Secondary School” and “Five Tips for Special Educational Needs”. The last video was available with subtitling in English, Arabic and Spanish.

“The videos were important. They’re also proof that even with relatively modest means you can make a big difference. We didn’t have big production resources, but we had something important that we wanted to share. And that’s what we did. Some videos had around 30,000 viewings, which demonstrates the need was there for advice and support about how to manage distance education, as student, teacher or guardian”.



GRI Index

The Global Reporting Initiative (GRI) is an independent organisation that has created a standard for sustainability reporting. AcadeMedia's Sustainability

Report is based on GRI. The GRI index below contains references to where in our Annual and Sustainability Report each GRI disclosure can be found.

GRI Standards	Disclosure	Contents	Page reference	Comment/Reservation
GENERAL DISCLOSURES				
GRI 102	102-1	Name of the organisation	Back cover	
	102-2	Activities, brands, products and services	9-21	
	102-3	Location of headquarters	54, back cover	
	102-4	Location of operations	2, 3, 54, 88	
	102-5	Ownership and legal form	54, 122-123	
	102-6	Markets served	3, 22-25	
	102-7	Scale of the organisation, including number of employees, operations, sales and capital	2-3, 54-55, 91-93, 126-127	
	102-8	Information on employees and other workers	90-92	Reporting covers all Group employees, including all subsidiaries in the three countries in which we operate.
	102-9	Supply chain	39, 42	
	102-10	Significant changes to the organisation and its supply chain	10-17, 87, 122-123	As of 1 July 2019, AcadeMedia has a new segment structure. All the Group's independent preschools were brought together in one segment and the compulsory schools formed a separate segment.
	102-11	Precautionary principle or approach	42	
	102-12	External initiatives	28-29	
	102-13	Membership of associations	32	
	102-14	Statement from senior decision-maker	6-7	
	102-16	Values, principles, standards and norms of behaviour	9, 32, 33, 38	
	102-18	Governance structure	67-71	The CEO has overall responsibility for sustainability work. Support function managers are responsible for analysis and actions, whereas the sustainability manager is responsible for reporting and communication.
	102-40	List of stakeholder groups	31	
	102-41	Collective bargaining agreements	38	Norway and Germany have similar systems to the Swedish collective agreement, in what are known as tariff agreements. Both our Norwegian and German operations use these.
	102-42	Identifying and selecting stakeholders	31	
	102-43	Approach to stakeholder engagement	31	
102-44	Key topics and concerns raised	31		
102-45	Entities included in the consolidated financial statements	10-21, 54, 87-88		
102-46	Defining report content and topic boundaries	26-33		
102-47	List of material topics	30-31		
102-48	Restatements of information		No changes from the preceding year.	
102-49	Changes in reporting		No changes from the preceding year.	

GRI Standards	Disclosure	Contents	Page reference	Comment/Reservation
GENERAL DISCLOSURES				
	102-50	Reporting period	54	
	102-51	Date of most recent report		This is AcadeMedia's second sustainability report based on a GRI index. Our most recent annual accounts with statutory sustainability report were published on 25 October 2019.
	102-52	Reporting cycle	Annual	
	102-53	Contact point for questions regarding the report	Back cover	Head of Sustainability Paula Hammerskog, paula.hammerskog@academedia.se
	102-55	GRI content index	50–51	
	102-56	External assurance	53	The auditor has stated their opinion on the statutory Sustainability Report. This statement of opinion does not include a check against GRI standards.
Management approach				
Management approach	103-1	Explanation of the material topic and its boundary	30	
	103-2	The management approach and its components	26-33	

SPECIFIC DISCLOSURES

GRI Standards	Disclosure	Contents	Page reference	Comment/Reservation
ECONOMY				
Economic performance				
GRI 201	201-1	Direct economic value generated and distributed	33	
	201-3	Defined benefit plan obligations and other retirement plans	92-93	On 1 January 2020, a new pension scheme was introduced in Norway, which affected around 90 percent of the persons then employed and required them to be transferred to a premium-based pension plan.
Anti-corruption				
GRI 205	205-1	Operations assessed for risks related to corruption	39	
Supplier environmental assessment				
GRI 308	308-1	Supplier environmental assessment	39,42	
SOCIAL ISSUES				
Employment				
GRI 401	401-1	New employee hires and employee turnover	53, 59	
Occupational health and safety				
GRI 403	403-1	Occupational health and safety management system	32, 33, 38	
Diversity and equal opportunities				
GRI 405	405-1	Diversity of governance bodies and employees	90	
	405-2	Ratio of basic salary and remuneration of women to men	38	
Customer health and safety				
GRI 416	416-1	Customer health and safety	13-21, 34-35, 38-39, 59	Work in the segment relating to Covid-19 is described on the segment pages, 13-21, and in the Sustainability Report.

NON-FINANCIAL KPIS – SUSTAINABILITY REPORT

Learning

	FULL YEAR				
	2019/2020	2018/19	2017/18	2016/17	2015/16
PRESCHOOL					
Recommendation level – Norway	4.5 ¹	84.7%	83.9%	86.5%	–
Recommendation level – Germany (Joki)	– ²	88%	92%	99%	–
Recommendation level – Germany (KTS)	– ²	79%	–	–	–
Recommendation level – Germany (Stepke)	– ²	76%	61%	–	–
Recommendation level – Sweden	86%	83%	82%	81%	82%
Satisfaction with the preschool's activities – Sweden	84%	84%	84%	–	–
COMPULSORY SCHOOL					
Percentage eligible for upper secondary school ³	91.8%	91.3%	90.6%	90.1%	93.4%
Percentage with lowest passing grade (A–E) in all subjects ³	83.9%	82.3%	83.0%	82.7%	85.9%
Average assessment level ³	246.7	242.3	245.8	241.9	241.7
Recommendation level – students	68%	65%	64%	64%	66%
Recommendation level – parents	78%	74%	73%	72%	75%
Satisfaction with teaching – students	72%	70%	69%	–	–
Satisfaction with teaching – parents	78%	77%	76%	–	–
UPPER SECONDARY SCHOOL⁴					
Percentage graduated ³	90.3%	89.5%	88.7%	89.4%	89.6%
Average grade point ³	14.2	14.1	14.1	14.1	14.1
Flow rate (percentage students with diploma within three years ⁵)	–	74.5%	74.2%	73.6%	72.5%
Recommendation level – students	69%	68%	68%	66%	66%
Satisfaction with teaching – students	72%	69%	69%	–	–
ADULT EDUCATION					
Average number of hours per completed course/'learning curve' – SFI	247	240	270	255	231
Percentage with lowest grade E – basic adult education	87.3%	88.0%	90.2%	89.8%	91.4%
Percentage with lowest grade E – upper secondary school for adults	83.9%	83.3%	85.0%	83.0%	83.2%
Percentage with diploma – higher vocational education	66%	69.0%	70.0%	65%	66%
Percentage in jobs/continued studies after completed education/activity (total)	–	–	78%	79%	75%
Recommendation level – students/participants (total) ⁶	– 86.4%	86.4% 84.3%	84.0% 82.9%	84.6% 84.9%	82.5% –

¹ According to the national user survey, Espira's recommendation level is 4.5 on a scale of 1–5.

² No surveys were conducted in Germany in 2019/2020 due to the Covid-19 pandemic.

³ Preliminary results 2020.

⁴ As of 2018/19, Vindora is also included in the quality results for upper secondary schools.

⁵ In 2019/20 reflects the percentage of students who began their studies in school year 2017/18 who received their diploma.

⁶ The recommendation level in adult education used to be monitored once each term. It is now monitored once per school year, just as for other quality measures.

Other

	Note	FULL YEAR				
		2019/2020	2018/19	2017/18	2016/17	2015/16
EMPLOYEES						
Average number of full-time employees		12,686	12,405	11,863	10,564	9,714
Average number of women (SE)		72.0%	72.5%	74.0%	73.6%	73.4%
Employee turnover (SE)	^{1,2}	18.4%	22.6%	26.3%	25.9%	25.7%
Absence due to illness (SE)	^{1,3}	4.6%	4.4%	4.8%	4.9%	4.6%
Employee Satisfaction Index (SE)		72	71	71	72	71
Employee satisfaction (NO)	⁴	4.3	4.4	4.4	4.4	4.4
Leadership index	¹	77	77	79	79	78
ENVIRONMENT						
Percentage of organic produce		22.5	21.2	22.3	21.1	20.9
TRANSPARENCY						
Number of unique visits to AcadeMedia's public intranet		299,249	267,780	100,541	71,787	–
Number of unique visits to AcadeMedia's Code of Conduct		279	470	410	357	–
Number of whistleblower reports	⁵	17	11	9	7	5
Number of justified whistleblower reports	⁵	4	1	6	4	3

¹ Statistics are only available for the Swedish operation

² Number of permanent and probationary employees who left/Average number of permanent and probationary employees

³ Aggregated average short-term absence <90 days

⁴ Espira measures employee satisfaction on a five-point scale as of 2018/19. In previous years a six-point scale was used; past years have been restated on a five-point scale.

⁵ Whistleblower reports are received and handled by an external party, which ensures whistleblower anonymity and makes an initial assessment. During the year, 13 unjustified whistleblower reports were submitted.

Auditor's opinion on the statutory Sustainability Report

To the Annual General Meeting of AcadeMedia AB (publ), corp. reg. no. 556846-0231

Duties and allocation of responsibilities

The Board of Directors is responsible for the Sustainability Report for the financial year 1 July 2019–30 June 2020 on pages 26–53 and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

Focus and scope of review

Our review was conducted in accordance with FAR recommendation RevR 12: Auditor's opinion regarding the statutory sustainability report. This means that our examination of the Sustainability Report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination provided a sufficient basis for our opinion.

Opinion

A sustainability report has been prepared.

Stockholm, 22 October 2020
PricewaterhouseCoopers AB

Patrik Adolfson
Authorised Public Accountant
Principal auditor

Eva Medbrant
Authorised Public Accountant

Administration Report

The Board of Directors and the Chief Executive Officer of AcadeMedia AB (publ), referred to below as AcadeMedia, corporate registration number 556846-0231, registered office in Stockholm, Sweden, hereby submit their Annual Report and consolidated financial accounts for the financial year 1 July 2019–30 June 2020.

Business overview

AcadeMedia is the largest independent education provider in northern Europe. In 2019/2020 approximately 82,000 children and students attended AcadeMedia's preschools, compulsory schools and upper secondary schools. A further 100,000 people participated in one of AcadeMedia's adult education programmes. On average, during the 2019/20 financial year, AcadeMedia had approximately 660 preschools, compulsory schools, upper secondary schools and adult education units, located throughout Sweden and Norway, as well as in parts of Germany.

AcadeMedia operates across the entire education spectrum, from preschool to adult education. Operations are divided into four segments: Preschool, Compulsory School, Upper Secondary School and Adult Education. The education programmes are in principle exclusively commissioned by customers from the public sector, such as municipalities in Sweden, Norway and Germany, as well as the Swedish Public Employment Service and the National Agency for Higher Vocational Education in Sweden.

Significant events during the financial year

A number of important events occurred during the 2019/20 financial year.

New segment structure On 1 July 2019, AcadeMedia's new segment structure went live. It is now based on four segments, Preschool, Compulsory School, Upper Secondary School and Adult Education. The reorganisation means that all independent preschools in Sweden, Norway and Germany will be combined into one new segment. In addition, AcadeMedia's compulsory schools will be merged into a separate segment. The purpose of the change is to bring all preschools together in one segment and that way optimise opportunities to harness growth in the rapidly growing European preschool market. AcadeMedia has solid expertise in the preschool sector, based on a combination of teaching approaches and childcare and a range of attractive concepts and methods. The Preschool segment is provisionally headed by AcadeMedia's CEO, Marcus Strömberg.

At the same time, AcadeMedia's compulsory schools form a separate segment under the management of Jens Eriksson, who also heads the Upper Secondary school segment. For more information, please see Notes K1 and K2.

New staffing requirements in Norway

Effective 1 August 2019 a new requirement was introduced regarding staff density in Norwegian preschools. The new staffing requirements encompass both municipal and independent preschools. Because Norwegian school vouchers are based on accounts that are two years old, profitability will temporarily decline, as school voucher funding over the transition period will not compensate for the cost increase. Since 1 August 2018, a requirement for a certain number of preschool teachers per child has applied.

Katarina Wilson AcadeMedia's new CFO, effective 1 November 2019

On 1 November 2019, Katarina Wilson took over as AcadeMedia's new CFO, replacing former CFO Eola Ånggård who departed from the Company.

Change in number of shares and votes at AcadeMedia

In November 2019, the number of shares and votes in AcadeMedia AB increased, following an issue of new shares on redemption of warrants in the warrant programme for members of Group management that was authorised at the extraordinary meeting of shareholders, held on 1 June 2016 (Warrant Programme 2016). In total, the number of shares and votes increased by 84,460 ordinary shares and the same number of votes.

Positive improvement in quality in our practical programmes

AcadeMedia acquired Praktiska Gymnasiet in 2017. One year later, we embarked on a wide-ranging quality improvement initiative, which has now delivered results. During the financial year, the principal organiser and a number of units with identified areas of improvement from Sweden's Schools Inspectorate were informed that they had passed their audits. We are delighted that our employees' hard work on quality is now showing results.

Expansion in Germany continues

During the financial year, 13 new preschools with 437 children (annual average) opened in Germany, in line with AcadeMedia's growth plan for 10-15 new units during 2019/20. Prior to 2020/21, the goal for growth was 15-20 new units, the biggest programme for new openings in AcadeMedia's history. Due to the spread of Covid-19, some of these will be deferred until some time in the future, as it will not be possible to complete building them in time. The new goal for 2020/21 is 10-15 new openings.

Changes in the composition and contract portfolio of the adult education segment

The Adult Education segment showed a strong improvement in earnings and margins during the year. The composition of the segment has changed through actions taken, and the more profitable parts now represent a higher proportion. Municipal Adult Education (Komvux) and Higher Vocational Education account for 66 percent (64) and 22 percent (18), respectively, of the total portfolio for the segment, while Labour Market Services decreased to 10 percent (17). Demand for vocational courses and distance learning is rising, to the benefit of both higher vocational education and municipal adult education programmes. During the year, two important contracts in municipal adult education were renegotiated and overall existing market shares were preserved.

Parts of the loss-making and volume-sensitive Vocational and Study Preparation Modules contract with the Swedish Public Employment Service were closed down, but the major share continued. The contract will be terminated during the financial year ahead.

Covid-19 has led to major operational adjustments, but had limited financial consequences.

In March, a large number of restrictive national and regional decisions were taken to limit the spread of Covid-19, which affected all of our operations.

In Norway and Germany, preschools were shut down for all children except those whose parents and carers are key workers. In Norway, preschools returned to normal

activities at the end of April. Preschools in Germany had started to resume normal activities at the end of the financial year, opening up for several categories of parents. The plan had been for German preschools to return to normal activities in autumn 2020. However, due to regional outbreak of Covid-19, certain units introduced considerably stricter rules on

hygiene, daily routines, classes, staff composition, and other school activities.

In Sweden, preschools and compulsory schools were kept open throughout the spring. On the other hand, all upper school and adult education activities transitioned to distance education, following a recommendation by the Swedish government.

The decision affected AcadeMedia's 36,000 upper secondary school students and 20,000 adult participants.

As a result of the slowing economy and rising unemployment, the demand and resources for adult education programmes increased considerably. This has not affected operations for the current year.

Revenue and earnings

GROUP	FULL YEAR						
	2019/20	2019/20, excl. effects of IFRS 16	2018/19	2017/18	2016/17	2015/16	2014/15
Net sales, SEK m	12,271	12,271	11,715	10,810	9,520	8,611	8,163
EBITDA, SEK m	2,486	1,102	931	872	827	722	720
EBITDA margin	20.3%	9.0%	7.9%	8.1%	8.7%	8.4%	8.8%
Operating profit/loss (EBIT), SEK m	973	763	635	622	615	535	517
EBIT margin	7.9%	6.2%	5.4%	5.8%	6.5%	6.2%	6.3%
Adjusted EBIT*, SEK m	728	728	634	670	638	567	596
Adjusted EBIT margin	5.9%	5.9%	5.4%	6.2%	6.7%	6.6%	7.3%
Net financial items, SEK m	-417	-56	-69	-68	-80	-127	-269
Profit/loss before tax, SEK m	556	707	566	555	535	408	248
Profit/loss for the period, SEK m	431	549	431	430	416	319	222
Earnings per share, basic (SEK)	4.09	5.21	4.09	4.30	4.41	3.74	2.63
Earnings per share, diluted (SEK)	4.09	5.21	4.09	4.29	4.40	3.74	2.63
Number of children and students**	82,433	82,433	79,493	73,366	66,070	63,151	60,897
Number of full-time employees	12,686	12,686	12,405	11,863	10,564	9,714	9,159

* See definitions of key performance indicators on pages 126-127. ** Excl. Adult Education.

All figures for the 2019/2020 financial year are reported in accordance with the new accounting standard IFRS 16 Leases, unless otherwise stated. The segments are reported excl. IFRS 16. Earlier financial years have not been restated according to the new standard. Effective 1 July 2019, AcadeMedia implemented a new segment classification; figures for comparison have been adjusted accordingly. The Upper Secondary School and Adult Education segments are unaffected.

Impact of the Covid-19 outbreak

The Covid-19 outbreak had limited financial impact during the year. In the Preschool segment, sales were SEK 15 million down, and the segment recorded an SEK -8 million hit on earnings, attributable to operations in Germany.

Volume growth and net sales

Net sales increased by 4.7 percent, to SEK 12,271 million (11,715). Organic growth, including bolt-on acquisitions, was measured at 5.4 percent. Exchange rate fluctuations had an impact of -0.7 percent on sales. Sales were not affected by any major acquisitions during the year. The average number of students, excluding the Adult Education segment, increased by 3.7 percent to 82,433 (79,493).

Operating profit/loss (EBIT) and adjusted operating profit/loss

Operating profit (EBIT) for the full year rose to SEK 973 million (635). The EBIT margin

was 7.9 percent (5.4). Exclusive of IFRS 16 effects, EBIT totalled SEK 763 million (635), representing an EBIT margin of 6.2 percent (5.4). Adjusted EBIT amounted to SEK 728 million (634), giving an adjusted EBIT margin of 5.9 percent (5.4).

The earnings improvement was mainly attributable to the adult education sector, which was very weak in the preceding year. At the same time, the current year of operations reports high underlying volumes in municipal adult education and higher vocational education, as well as more stable growth in labour market services. The Compulsory School segment performed well, through solid student growth and higher capacity utilisation. The Preschool segment is incurring higher

personnel costs in Norway and start-up costs in Germany. Also, reduced parental benefits in Germany during the closure of preschools in that country had negative impact, even though parts of the cost base were reduced. The review of the Swedish unit portfolio and lower costs for hired staff partly offset the impact on earnings and margins. Continued initiatives in the Upper Secondary School segment, digitalisation and new start-ups also impacted on earnings.

Group costs are higher than in the preceding year as a result of continued initiatives focusing on digitalisation, costs for implementation of a new payroll system and property projects relating to new start-ups.

Items affecting comparability

Items affecting comparability amounted to SEK 36 million (1).

	2019/20	2018/19
Transaction costs	0	0
Retroactive revenue from previous years	11	45
Restructuring costs (Ad. Ed.)	0	-15
Restructuring costs (Upper Sec.)	0	-14
Restructuring costs (Comp. School)	0	-14
Restructuring costs (Group)	-21	-
Operating expenses affecting comparability	-7	-
Pension adjustment, Norway	53	-
SUM TOTAL	36	1

A pension adjustment in Norway consisted of the profit (curtailment gain) that arose when around 90 percent of all employees in Norway transferred to a new pension plan on 1 January 2020. For more information regarding this change, please see Note K6.

Net financial items

Net financial items totalled SEK -417 million (-69), including interest expenses of SEK -360 million (-) added through the adoption of IFRS 16. Interest expenses excluding the effects of IFRS 16 were somewhat lower than in the preceding year, at SEK -46 million (-51).

Profit and comprehensive income for the year

Profit after tax for the period amounted to SEK 431 million (431). The tax charge for the full year totalled SEK -125 million (-136), representing an effective tax rate of 22.5 percent (24.0).

Comprehensive income for the year was SEK 345 million (324), where the previous year was affected by actuarial losses related to defined benefit pensions in Norway.

Excluding the effects of IFRS 16, profit for the year totalled SEK 549 million (431), while comprehensive income increased to SEK 462 million (324).

Earnings per share were 4.09 (4.09), basic and diluted. Adjusted for the effects of IFRS 16, earnings per share were SEK 5.21 (4.09), basic and diluted.

Financial position and cash flow

According to IFRS 16, lease payments are recognised under financing activities instead of, as before, under operating activities. Therefore, cash flow from operating activities is higher and cash flow from financing activities is lower, all other factors being equal. Over 2019/20, lease payments (interest and capital) attributable to leases on premises totalled SEK 1,452 million. Cash flow from investing activities is not affected by IFRS 16.

Cash flow excluding the effects of IFRS 16

Cash flow from operating activities for the financial year amounted to SEK 1,069 million (684). The strong cash flow arose both from a higher operating profit and from positive growth in operating capital, SEK +142 (-101). The trend for working capital was more normal this year than in the preceding year, when it was affected by unusually favourable working capital at the beginning of the financial year (1 July 2018).

Cash flow from investing activities has been divided into investments related to existing operations¹ and investments related to expansion². Investments in existing operations totalled SEK -264 million (-327), leaving free cash flow of SEK 805 million (356) before expansion. Expansion investments totalled SEK -111 million (-232), the major share of which consisted of investments of SEK -60 million (-197) in property in Norway. In June, a property in Oslo, Norway, was sold for NOK 65 million. The impact on earnings was limited and the sale proceeds will be credited to the cash flow for the first quarter of 2020/2021. In all, the cash flow from investing activities

over the full year totalled SEK -375 million (-559).

The cash flow from financing activities totalled SEK -678 million (-296). The amount includes dividends paid, SEK -132 million. All in all, cash flow for the full year amounted to SEK 16 million (172).

Financial position

With the adoption of IFRS 16, leased premises are recognised as right-of-use assets and lease liabilities, respectively, on the balance sheet. As per 30 June, total assets have increased by SEK 6,949 million due to this change in accounting principles. The financial position adjusted for the effects of IFRS 16 receives comment in the following.

Consolidated equity amounted to SEK 4,925 million (4,589) and the equity/asset ratio improved to 51.5 percent (47.2).

Consolidated interest-bearing net debt as of 30 June 2020 amounted to SEK 1,797 million (2,266). The decrease in the net liability results from a strong cash flow, which has enabled amortisations of SEK 344 million on loans, as well as from a weakening of the Norwegian krone (NOK). Excluding property loans, the adjusted net debt amounted to SEK 1,138 million (1,533). The property loans, which consist of both long-term loans in the Norwegian State Housing Bank (Norwegian: Husbanken) and short-term construction loans, have as a result of the weaker Norwegian krone decreased over the past 12 months by SEK 74 million to SEK 659 million (733). Adjusted for the exchange rate effect, SEK -87 million, Husbanken loans increased by SEK 13 million. Over the same period, the Group's building assets decreased by SEK 128 million to SEK 1,001 million (1,129) as a result of the weakening of the Norwegian krone and sale of a property for NOK 65 million to Oslo Municipality.

Non-current interest-bearing liabilities at the end of the financial year totalled SEK 1,961 million (2,205). Current interest-bearing liabilities totalled SEK 364 million (592). The net liability in relation to adjusted EBITDA was 1.7 (2.4), meeting the Group's financial target that the net debt relative to adjusted EBITDA should be lower than 3.0. Seasonally, this measure shows its lowest value in the fourth quarter as the Group's cash flow is

strongest in that quarter, as a result of which the net debt is reduced. The property-adjusted net debt divided by adjusted EBITDA was 1.1 (1.6).

In Norway an agreement was reached in 2019 between employers, represented by PBL, and employee organisations in the Preschool segment, regarding a new pension plan that will come into force on 1 January 2020. Briefly, under the new plan about 90 percent of current employees in the Norwegian operation transferred to a defined-contribution pension scheme, while the others remain in the current defined-benefit system. The change in pension scheme resulted in a reduction of SEK 95 million in the provision for pensions, and a one-off administration charge of SEK 42 million. In all, earnings benefited from the pension adjustment in the amount of SEK 53 million net, which is recognised as an item affecting comparability. The cash flow was affected only by the administration charge of SEK 42 million. The new pension scheme involves higher regular pension expenses of around SEK 10 million annually, effective 1 January 2020.

During the fourth quarter, an impairment test regarding goodwill and other intangible assets with an indefinite useful life was performed on the Group's cash generating units, based on long term business plans. The impairment test was based on IFRS 16. No cash generating unit had a book value exceeding its recoverable amount. Therefore, no impairment of goodwill or impairment of other intangible asset with an indefinite useful life was recognised during 2019/2020.

Trend by segment

Effective 1 July 2019, AcadeMedia introduced a new segment classification; figures for comparison have been adjusted accordingly. The Upper Secondary School and Adult Education segments are unaffected. Under the new classification, the Group's segments are the Preschool segment, the Compulsory School segment, the Upper Secondary School segment and the Adult Education segment. The table below shows the distribution of sales revenue and operating profit by segment. See also Note K2 Segment reporting, with comparative figures.

CASH FLOW

SEK m.	2019/20 excl. IFRS 16 effects	2018/19
Cash flow from operating activities before changes in working capital	926	785
Cash flow from changes in working capital	142	-101
Cash flow from operating activities	1,069	684
Investments regarding existing activities ¹	-264	-327
Expansion investments ²	-111	-232
Cash flow from investing activities	-375	-559
Cash flow from financing activities	-678	-296
CASH FLOW FOR THE YEAR	16	-172

¹ Investments in existing operations are investments in leasehold property, equipment, non-current intangible assets, non-current financial assets and sale of non-current financial assets.

² Expansion investments are investments in owned preschool buildings in Norway, as well as business combinations.

The Preschool segment

AcadeMedia's Preschool segment runs preschools in Sweden, Norway and Germany. In Sweden the business is conducted in a large number of municipalities, with a total of 109 units. In Norway, Espira is the third largest preschool provider with 104 units. In Germany preschools are operated at 49 units. At the end of the financial year, the segment comprised a total of 262 units.

In line with decisions taken at national level, preschools have re-opened in Norway, while a gradual return is in progress in Germany. In Sweden, preschools have remained open. The economic impact is limited. Lower parental fees in Germany, SEK -15 million, have been partly offset by lower costs, with an net overall impact of around SEK -8 million on earnings over the full year.

The average number of children increased by 1.4 percent during the year, to 20,854 (20,576). Net sales increased by 2.4 percent, to SEK 3,707 million (3,619). The exchange rate effect had a negative impact of SEK -77 million on sales, corresponding to -2.1 percent.

Adjusted operating profit (EBIT) declined to SEK 174 million (189). The adjusted profit margin was 4.7 percent (5.2). The review of the unit portfolio in Sweden last year partly offset the higher personnel costs in Norway and the start-up costs in Germany. In Germany, the Covid-19 pandemic also had a net negative impact of around SEK 8 million. The operating profit (EBIT) totalled SEK 226 million (189) and an operating margin of 6.1 percent (5.2) was recorded. Earnings were boosted by SEK +53 million in the form of a non-recurring curtailment gain arising from transition to a new pension scheme in Norway. For more details, see Note K6.

Capacity utilisation was on a level with that of the preceding year. In Sweden, capacity utilisation was 91.4 percent (91.6), in Norway 90.9 percent (90.9) and in Germany 89.7 percent (90.3).

In all, 19 new preschools were added to the segment during the financial year. At the

same time, four units were consolidated into two in Germany, while 12 preschools were closed down or sold in Sweden at the beginning of the financial year.

The Covid-19 pandemic slowed the pace of start-ups in Germany. The new target for 2020/21 is to open around 10-15 units, the majority in 2021. In order to accommodate the expansion, the central organisation is being strengthened.

In June, the results of the Swedish preschools' own assessments of target achievement relative to the national mandate were compiled. The target area for which preschool teaching obtained the highest rating in the 2019/20 school year was Language and communication, 5.4 (-), followed by Play, Science and technology and Norms and values. The outcome for all three was 5.2 (-). The lowest outcome was recorded for the target area Culture, 4.9 (-). Assessment principles and scale were revised during 2019/20 and so no comparison is available for the preceding year. The new scale is 0-8, in gradations of two. A score of 4 indicates that target achievement is acceptable in relation to the requirements in the policy documents.

In the face of the ongoing Covid-19 pandemic, it was not possible to carry out the spring questionnaire-based survey of preschools in Germany. The latest available results from 2019 indicate that 88 percent of parents and carers in Joki would recommend their preschool to others (the figure from the year before was 92 percent). The corresponding figure for Stepke was 76 percent, compared with 61 percent a year earlier. The results from the most recently acquired German organisation KTS indicated that 79 percent of guardians would recommend their particular preschool to others.

The national user survey conducted in Norwegian preschools in autumn 2019 revealed that satisfaction among Espira's guardians was high, at 4.5 on a scale of 1 to 5. This was on a par with the national average, and unchanged from the previous year. The outcome was slightly below the average for independent preschools overall (4.6) but above that for municipal preschools (4.4).

The willingness of parents and carers to recommend their particular preschool remained at the same level, 4.5. Because it is not mandatory to include this question in the Norwegian national survey, no figures for comparison are available.

Compulsory School segment

AcadeMedia's Compulsory School segment runs compulsory school operations in a large number of municipalities in Sweden under the brands Pysslingen Skolor, Vittra and Pops Academy. Operations are based entirely on the school voucher system. The segment had 111 units at the end of the financial year.

Compulsory schools in Sweden were not subject to any official recommendation to move to distance education. However, some units have at times transitioned to distance education due to staff absence. Students staying at home have also been offered distance education. Covid-19 has not had any economic impact on the current year.

The average number of students increased by 3.8 percent, to 25,179 (24,265). Net sales rose 5.2 percent to SEK 3,005 million (2,857), mainly due to increased student numbers. Other factors were the annual school voucher adjustment, and increased grants for students with special needs and State subsidies.

The adjusted operating profit was higher than the previous year, at SEK 176 million (145). The margin increased to 5.9 percent (5.1). Higher student numbers at existing units, combined with stable personnel costs, had a positive effect. Staff vacancies and delays in new recruitment also contributed, albeit temporarily. Operating profit (EBIT) amounted to SEK 176 million (141) and the operating margin was 5.9 percent (4.9).

Capacity utilisation also improved during the year, to around 93.0 percent (90.0).

On 1 December 2019 the Group acquired Pops Academy, a school with 330 students in Stockholm, and on 1 May 2020 it acquired Banérporten, an integrated compulsory school with 524 children and students, in the Stockholm region.

	STUDENT ENROLMENT (AVERAGE)		NET SALES, SEK m		ADJ. OPERATING PROFIT/LOSS (EBIT), SEK m		ADJ. EBIT MARGIN		OPERATING PROFIT/LOSS (EBIT), SEK m		EBIT MARGIN	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
Preschool (Sweden, Norway and Germany)	20,854	20,575	3,707	3,619	174	189	4.7%	5.2%	226	189	6.1%	5.2%
Compulsory School (Sweden)	25,179	24,265	3,005	2,857	176	145	5.9%	5.1%	176	141	5.9%	4.9%
Upper Secondary School (Sweden)	36,400	34,653	3,999	3,757	354	344	8.9%	9.2%	365	364	9.1%	9.7%
Adult Education (Sweden)	—*	—*	1,557	1,478	131	32	8.4%	2.2%	131	17	8.4%	1.2%
Adj. on consolidation, Parent Company	—	—	4	4	-107	-76	—	—	74**	-76	—	—
Total	82,433	79,493	12,271	11,715	728	634	5.9%	5.4%	973**	635	7.9%	5.4%

*Volumes for the adult education sector are not measured in terms of participant numbers as the length of the courses varies from single occasions to several academic years.

**Includes the effect of adopting new accounting standard IFRS 16 Leases, SEK 209 million (0).



AcadeMedia's own compilation of grades for the 2019/20 school year indicates that the proportion of compulsory school students with passing grades in all subjects has risen from 83.9 percent (82.3). The average assessment level in AcadeMedia's compulsory schools increased to 246.7 (242.3) and the proportion of students eligible for upper secondary school rose to 91.8 percent (91.3). All grade scores at AcadeMedia's compulsory schools remain substantially above the most recently published national average.

Upper Secondary School segment

AcadeMedia's Upper Secondary School segment provides upper secondary education throughout Sweden under 14 different brands, offering both university preparatory and vocational programmes. Operations are based entirely on the school voucher system. The segment had 143 units at the end of the financial year.

All upper secondary schools have operated distance education since 18 March, affecting all 36,000 students. The technological infrastructure was highly developed and distance education has worked well. To ensure access to school lunches for as many students as possible, AcadeMedia developed a lunch ordering app. Meals were collected from pre-arranged locations. The app was available for use by slightly more than half of students, while other local solutions were in place for the remaining students.

In accordance with the government's decision, classroom teaching was resumed in autumn 2020.

Capacity utilisation declined marginally during the year, to around 87.9 percent (88.0).

A number of new units were opened during the 2019/20 financial year. A further four new schools will be opened for the 2020 autumn term. The new units will only take first-year students.

The internal compilation of grades for AcadeMedia's upper secondary schools indicates that the proportion of students graduating rose to 90.3 percent (89.5). Also, the average final grades for students graduating with full diplomas improved to 14.2 points (14.1). The results were slightly lower than the national average for the preceding year. However, the variation among AcadeMedia's upper secondary school operations is considerable.

Adult Education segment

In line with official directives, more than 20,000 of AcadeMedia's students and other participants transitioned to distance education in March. With the segment's long experience of distance education and digital teaching platforms, teaching was less affected than anticipated. In addition, few students and other participants terminated their education and as a result no financial impact materialised. In dialogue with the relevant client, the adult education programme

will gradually revert to normal arrangements in the autumn.

Net sales increased by 5.3 percent to SEK 1,557 million (1,478). Adjusted operating profit (EBIT) increased sharply to SEK 131 million (32). The margin was 8.4 percent (2.2). Operating profit amounted to SEK 131 million (17). The operating margin was 8.4 percent (1.2). The higher sales and stronger profit resulted from high underlying volumes in municipal adult education and higher vocational education, as well as a more stable performance in labour market services.

Standard contracts with the City of Stockholm were signed for municipal adult education services after the appeals were rejected. The contracts apply from 1 January 2021 for up to four years. As a result, the Group maintains its market-leading position and gains long-term stability. Sales are expected to remain on the same level as for earlier years. Parts of the procurement for adult education services in Gothenburg remain subject to appeal and in the meantime interim contracts have been signed. Standard contracts have been signed for the aspects of contract areas not under appeal.

AcadeMedia's higher vocational schools are expected to offer around 8,000 places in the autumn, compared with 6,700 the preceding year, following the allocation of additional places. The extra allocation is enabling AcadeMedia to gain market shares, and the number of applications for the autumn starts are at a record high.

As communicated previously, the contract for Vocational and Study Preparation Modules will come to an end in the second quarter of 2020/21.

Unemployment in Sweden is rising and the government has announced major packages of measures and increased grants for adult education in response to this trend. AcadeMedia has the market's widest portfolio of contracts and the means to rapidly scale up operations to meet the rising demand. We are in close dialogue with our clients in order to jointly address the major challenges that society faces.

From this year on, AcadeMedia's adult education will conduct one customer survey per year; previously a survey was conducted once a term. The survey from autumn term 2019 indicated that participant satisfaction remains high and has increased sharply from the preceding year to 86.4 percent (80.2). Willingness to recommend AcadeMedia's services to others also increased to 86.4 percent (84.3).

Furthermore, data was compiled on 2019 proficiency outcomes for the various business areas in AcadeMedia's adult education services. For example, the proportion of students in basic adult education achieving passing grades fell to 87.3 percent (88.0) (the national average in 2019 was 88.7 percent). The proportion of students achieving passing grades in upper secondary education rose to 83.9 percent (83.3) (the national average in 2019 was 88.7 percent). The proportion of

students completing their education with a diploma in higher vocational education declined to 66 percent (69) (the national average for 2018 is expected to settle at between 72 and 73 percent, according to the Swedish National Agency for Higher Vocational Education's annual statistical report for 2019).

Adult Education also completed its annual follow-up of what previous participants were doing six months after completion of their programme.

Seasonal variations

AcadeMedia's four segments have different seasonal variations. The three school segments show a stable seasonal variation, while the Adult Education segment has a more irregular seasonal variation.

Part of the first quarter of the Group's financial year coincides with the schools' summer holidays. During this period, when no activities take place, the Group's revenue is lower than in the other quarters. Staff costs are also lower since the personnel are on vacation. This also applies to our Norwegian operations.

The salaries of the Group's employees are adjusted yearly. The highest proportion of the Group's employees are teaching staff, whose salaries are adjusted as of 1 September each year. After that date, personnel expenses rise without a corresponding increase in school voucher funding. This means that margins are usually lower in the second quarter of the financial year. School voucher funding is not adjusted until the end of the calendar year in both Norway and Germany. Consequently, revenues increase during the third and fourth quarters without any actual change in the cost structure. Normally, the fourth quarter is the strongest in terms of revenues. Partly for the above reason, and partly because direct costs are lower. For example, the requirement for school meals provision goes down while revenues do not decline at the same rate. Within the Preschool and Compulsory School segments, the positive effect in the fourth quarter is reinforced by the fact that children join on an ongoing basis during the year, especially in May and June, which boosts revenues accordingly. In the spring, certain retroactive reimbursements from the municipalities may be received because the municipalities' accounts show higher expenses than budgeted when calculating the school vouchers.

Seasonal variations are slightly different for preschools in Norway, partly because the Norwegian rules on staff density require higher staff density for younger children than for older children. At the beginning of autumn, the older children transfer to compulsory school and younger children are admitted into the units. As a result, higher staff numbers are needed to meet the staff density requirements. At the turn of the year, the next year voucher levels increase.

Adult education does not have recurring seasonal patterns in the same way as the school segments. Seasonal variation is influenced

primarily by the contract portfolio and public spending. The number of working days or education days in the period may also have some effect. These are governed by factors such as holiday periods and major holidays such as Christmas, New Year and Easter.

This description of AcadeMedia's seasonal variations is a summary based on experience and general patterns. Covid-19 has had a major impact on our operations, and so 2019/20 was an untypical year. However, from a financial perspective the impact was limited. If the pandemic becomes prolonged, it is possible that former seasonal variations will change.

Employees and quality

AcadeMedia's employees are its most important asset. The average number of full-time employees for the year was 12,686 (12,405), including 72.0 percent (72.5) women.

Employee turnover in Sweden, measured as the proportion of individuals who resigned, was 18.4 percent aggregated over the July-June twelve month period, compared with 22.6 percent over the corresponding period in the previous year. Absence due to illness for AcadeMedia employees in Sweden (aggregated average short-term absence <90 days) totalled 4.6 percent (4.4) over the full year. Absence due to illness in the fourth quarter totalled 4.8 percent, 1.1 percent higher than in the same period last year. This was because more people stayed at home even with mild symptoms, in line with recommendations regarding Covid-19.

For additional information about how AcadeMedia works on employee satisfaction, please see pages 38-41.

One of AcadeMedia's most critically important objectives is for all students to achieve the goals of their educational programme. Quality management and results achieved are briefly described on pages 34-37 and in greater detail in AcadeMedia's quality report.

Sustainability Report

AcadeMedia's most visible contribution to a sustainable society is our core activity, education. The foremost duty of our personnel is to deliver high quality education to all, a principle that is stated in one of the UN's Global Sustainable Development Goals. We strive to be a responsible employer, we work to reduce our climate footprint and our strong focus on transparency is in line with what society demands and expects of a private sector player in a public sector market.

We conduct our sustainability work in four focus areas: learning, employees, environment and transparency. During the 2019/20 financial year we developed and clarified our collective sustainability work and our way of reporting on this work. Sustainability work is integrated into our operations and is conducted to a major extent at our units. Governance of sustainability work is conducted via a number of policies, of which the Code of Conduct is the overriding document.

All are published on AcadeMedia's public employee web service. Group management is ultimately responsible for AcadeMedia's sustainability work. AcadeMedia's Sustainability Report is included as pages 26-53 of this integrated Annual and Sustainability Report.

Guidelines for remuneration to senior executives 2019/20

At the Annual General Meeting on 26 November 2019, shareholders resolved to adopt guidelines for remuneration to the Chief Executive Officer and other senior executives essentially as per the following:

AcadeMedia shall offer a total remuneration package based on market norms in order to recruit and retain talented senior executives. Remuneration within AcadeMedia shall be based on the principles of performance, competitiveness and fairness.

"Senior executives" consist of the Chief Executive Officer and other members of Group Management. The guidelines apply to employment contracts entered into, as well as to any changes made to existing conditions. Remuneration to senior executives may consist of basic salary, variable remuneration, share and share-based incentive programmes, pension and other benefits. If local conditions warrant variations in remuneration principles, such variations may occur.

Fixed and variable remuneration and other benefits

Fixed remuneration shall reflect the individual's responsibilities and experience, and will be reviewed annually. Senior executives may be offered cash bonuses. Variable remuneration paid in cash may not exceed 50 percent of the annual fixed remuneration. Variable remunerations shall be connected to predetermined and measurable criteria, designed with the aim of promoting the Company's long-term value creation. Note K5 describes remuneration paid during the 2019/20 financial year.

Senior executives may be awarded other customary benefits, such as company car, health insurance etc. Such other benefits shall not constitute a substantial part of the total remuneration. To the extent a Board member performs work for the Company, in addition to that person's Board work, consulting fees and other compensation for such work may be payable.

Termination and severance pay

Between the Company and the Chief Executive Officer, the notice period shall be twelve months upon notice by the Company. Upon notice by the Chief Executive Officer, the notice period is six months or, alternatively, twelve months if the Chief Executive Officer intends to take new employment in a company engaged in competitive activity. For other senior executives, notice periods of four to twelve months apply. During the notice period, normal salaries shall be paid. Upon notice

by the Company, the Chief Executive Officer shall be entitled to a severance pay corresponding to twelve months' salary. Other senior executives may, upon being given notice by the Company, be entitled to severance pay of up to twelve months' salary. Severance pay is not holiday- or pension-qualifying income and is normally deductible against future employment income received during the period when severance pay is paid.

The Board of Directors is entitled to deviate from the guidelines in individual cases if the Board assesses that there are good reasons for the deviation.

Pensions

Pension will be premium-based where possible. For the Chief Executive Officer and other senior executives, the premium may amount to a maximum of 30 percent of the fixed salary in situations where a premium-based pension is applicable. The Board of Directors is entitled, notwithstanding the above, to offer other arrangements that are equivalent to the above in terms of cost.

Long-term incentive programmes

Share- and share-price related incentive programmes shall, where appropriate, be subject to approval by the shareholders' meeting. During the 2019/20 financial year, a warrant programme expired. The rationale for the incentive programmes is to motivate and retain competent employees, to align the participants' goals with those of the Company and to increase the motivation to meet and exceed the Company's financial targets. At the end of the financial year, AcadeMedia had three long-term incentive programmes in operation. The Board of Directors has evaluated the three programmes with respect to these objectives and found that the programmes meet their purposes.

In accordance with decisions taken by the AGM on 24 November 2017, a new warrant programme (the 2018 Warrant Programme) and a share-matching plan (the 2018 Share Matching Programme) were launched during the third quarter of 2017/18. The programmes aim at senior executives in Group management and at senior executives and key individuals in the Group.

At the AGM on 22 November 2018, a decision was taken to issue convertible bonds to AcadeMedia's employees following publication of the Q2 report for the year. Convertible bonds totalling SEK 20 million were issued on 15 March 2019.

In November 2018, principal owner Mellby Gård AB offered Group management cash-settled synthetic options. The principal owner's purpose in launching the programme is to promote the company's long-term development and performance. AcadeMedia AB has not participated in the offer and the Company will not be affected by any costs attributable to the offer. The programme cannot lead to any dilution of AcadeMedia's shares.



A more detailed description of the incentive programmes is provided in Note K5.

The board of directors' proposal for guidelines for remuneration to senior executives

The board of directors has proposed that the annual general meeting shall adopt revised guidelines for remuneration to senior executives. The complete proposal is included in the notice of the AGM and is available on AcadeMedia's webpage.

The guidelines apply to agreements entered into following the resolution of the annual general meeting 2020 and also where amendments are made to existing agreements after such point in time. These guidelines do not apply to remuneration decided or approved by the general meeting.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

AcadeMedia's business strategy is, in short, to develop and provide leading and distinct educational operations throughout the entire education chain. AcadeMedia's strategies for achieving this are based on the following elements (Roadmap 2023):

1. Clear focus on education and strong brands.
2. Talented and dedicated people.
3. Comprehensive quality assurance model (the AcadeMedia Model).
4. Continuous improvement and innovative solutions.
5. Long-term and sustainable growth.

A prerequisite for the successful implementation of AcadeMedia's business strategy and safeguarding of the company's long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company is able to offer competitive remuneration. The objective of these guidelines is to enable AcadeMedia to attract, motivate and retain qualified personnel.

AcadeMedia has also implemented long-term share-related incentive programs. Further information regarding these is available in Note K5 Personnel expenses and on page 59.

Types of remuneration, etc.

The remuneration to the senior executives shall be on market terms and may consist of fixed cash salary, variable cash compensation, pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related and share price-related remuneration.

The fixed cash remuneration forms the basis of the total marketable remuneration, which is required to attract senior executives. The fixed cash remuneration shall be determined based on the responsibilities and performance of the individual.

The variable cash remuneration may amount to not more than fifty (50) per cent of the total fixed cash remuneration for the measurement period. The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year.

For the CEO, pension benefits and other insurances shall be premium defined. Variable cash remuneration shall not qualify for pension benefits. The pension premiums for premium defined pension shall amount to not more than thirty (30) per cent of the fixed annual cash salary.

For other executives, pension benefits shall be premium defined unless the individual is subject to defined benefit pension under mandatory collective agreement provisions. Variable cash remuneration shall qualify for pension benefits to the extent required by mandatory collective agreement provisions. The pension premiums for premium defined pension shall amount to not more than twenty five (25) per cent of the fixed annual cash salary.

If deemed to be market customs, other benefits may be included and shall constitute only a minor part of the total remuneration. Such benefits may amount to not more than ten (10) per cent of the fixed annual cash salary.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice.

Termination of employment

If notice of termination of employment is made by the company, the notice period may not exceed twelve months. Fixed cash salary during the period of notice and severance pay may together not exceed an amount equivalent to the CEO's fixed cash salary for two years, and one year for other executives. When termination is made by the executive, the period of notice may not exceed six months, without any right to severance pay.

Furthermore, remuneration may be paid for non-compete undertakings.

Criteria for awarding variable cash remuneration, etc.

The purpose of the variable cash remuneration is to promote AcadeMedia's business strategy, long-term interests and sustainability, by means of:

- Steering towards the group's set goals by rewarding good work performance.
- Contributing to committed and motivated executives that in turn motivate their employees.

- Creating clarity by communication and contracting of goals and expected work results.
- Creating attraction in conjunction with the recruitment of new executives.
- Creating an incentive for existing executives to remain in the group.

Consequently, the variable cash remuneration shall be linked to predetermined and measurable criteria, which can be financial or non-financial. They may also be individualized, quantitative or qualitative objectives. The criteria shall be designed to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be determined when the measurement period has ended. The board of directors may decide to withdraw or reduce the variable compensation for an individual, if the individual has shown a lack of judgment and disregarded negative consequences regarding quality in order to maximize the financial goals. For financial objectives, the evaluation shall be based on the financial information established for the relevant period.

The board of directors shall have the possibility, under applicable law or contractual provisions, subject to the restrictions that may apply, to in whole or in part reclaim variable remuneration paid on incorrect grounds.

The decision-making process to determine, review and implement the guidelines

The board of directors has established a remuneration committee. The committee's tasks include preparing the board of directors' decision to propose guidelines for remuneration to senior executives. The board of directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The remuneration committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for remuneration to senior executives as well as the current remuneration structures and compensation levels in AcadeMedia.

Derogation from the guidelines

The board of directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a certain case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure AcadeMedia's financial viability. As set out above, the remuneration committee's tasks include preparing the board of directors' resolutions in remuneration-related matters, which also includes any resolutions to derogate from the guidelines.

Related party transactions in the Group

No related-party transactions took place during the year.

During the previous financial year, members of Group management of Academedi AB were offered the opportunity to acquire synthetic options in AcadeMedia issued by the Company's largest shareholder, Mellby Gård. AcadeMedia AB was not involved in the transactions. The options were acquired at a price deemed to correspond to their market value.

Further details of the Group's transactions with related parties are provided in Note K29.

Authorisation

The 2019 shareholders' meeting authorised the Board of Directors to resolve to issue new shares corresponding to a dilution of no more than five percent. This authorisation was not exercised during the year.

Parent Company

The Parent Company AcadeMedia AB (publ) is listed on the stock market and exercises certain management functions such as those of the CEO. On 1 June 2020, the Parent Company was merged with its subsidiary AcadeMedia Group AB, which during the year was merged with its subsidiary ACM 2010 AB.

Sales totalled SEK 8 million (5) during the year. Operating profit/loss (EBIT) totalled SEK -17 million (-19) and profit/loss after tax SEK -50 million (0), after receipt of a Group contribution of SEK 100 million. The Parent Company's assets consist essentially of participations in Group companies and receivables from Group companies. Operations are financed by equity and loans. Equity in the Parent Company as of 30 June 2020 was SEK 2,723 million (2,738). The Parent Company's interest-bearing external loans as of 30 June 2020 totalled SEK 957 million (1 357).

Operations are conducted in individual subsidiaries that, directly or indirectly, are 100 percent owned by the Parent Company. At year-end, AcadeMedia had 143 (144) wholly owned subsidiaries, as listed in Note M8. All education services are provided by subsidiaries owned by AcadeMedia AB, referred to below as the AcadeMedia Group.

Share capital and shareholders

AcadeMedia AB (publ) is a public limited company that has been listed on Nasdaq Stockholm since June 2016.

In the second quarter, the number of shares and votes increased, following an issue of

new shares on redemption of warrants in the warrant programme for members of Group management that was authorised at the extraordinary meeting of shareholders, held on 1 June 2016 (Warrant Programme 2016). In total, the number of shares and votes increased by 84,460 ordinary shares and the same number of votes.

As of 30 June 2020, share capital was SEK 105,548,345 and the number of shares amounted to a total of 105,548,345 shares, represented by 105,300,103 ordinary shares and 248,242 Class C shares. The quota value is SEK 1.00 per share.

Mellby Gård AB is the largest shareholder in AcadeMedia, with 21.0 percent of the capital and 21.1 percent of the votes as of 30 June 2020. AcadeMedia is not aware of any shareholder agreement or the like between the owners of the Company.

Dividend policy and proposal

AcadeMedia's main responsibility is to provide a quality education for the remuneration received. This shall be done as efficiently as possible. AcadeMedia's unrestricted cash flow will primarily be reinvested in the business in order to maintain high quality and to finance future growth. The surplus may be distributed to the shareholders, provided that AcadeMedia meets its targets as to quality and financial position.

Board of Directors' proposal to the AGM

The Board proposes that the Group's income statement and balance sheet be presented to the Annual General Meeting on 26 November 2020 for adoption.

The Board proposes to the Annual General Meeting that a dividend of SEK 1.50 (1.25) per share be paid for the 2019/20 financial year.

AVAILABLE FOR APPROPRIATION BY THE AGM

PARENT COMPANY	SEK
Retained earnings	2,567,186,080
Profit for the year	50,443,826
Amount to be carried forward	2,617,629,906

The Board proposes that the retained earnings be appropriated as follows:

Dividend to shareholders (SEK 1.50 per share)	157,950,155
To be carried forward	2,459,679,752
SUM TOTAL	2,617,629,906

Board of Directors' statement regarding the proposed dividend

The Board hereby issues the following statement regarding the dividend proposal, in accordance with Chapter 18, Section 4 of the Swedish Companies Act. The Company's profit available for appropriation as per 30 June 2020 amounts to SEK 2,567,186,080 and profit for the year to SEK 50,443,826. A profit of SEK 2,617,629,906 is available for appropriation by the AGM before the decision regarding dividend for the 2019/2020 financial year. Provided that the 2020 AGM resolves in accordance with the Board's proposal on appropriation of profits, SEK 157,950,154.50 will be paid as dividend and SEK 2,459,679,751.50 will be carried forward. Full coverage is available for the Company's restricted equity following the proposed appropriation of profit.

Regarding the proposed dividend, the Board has taken into account the consolidation requirements and liquidity of the Company and the Group through a comprehensive assessment of the financial position of the Company and the Group, and the ability of the Company and the Group to fulfil their commitments in the long term. The proposed dividend does not jeopardise the Company's ability to perform the investments deemed necessary. The Company's financial position does not give rise to any other conclusion than that the Company can continue operating, and that the Company is expected to fulfil its obligations in the short and long term. In addition to the assessment of the Company's consolidation requirements and liquidity, the Board of Directors also took into account all other known circumstances that may have significance in terms of the Company's financial position. With reference to the above, the Board of Directors considers the proposed dividend paid to subsidiaries is justifiable in view of the requirements which the type of operations, size and risks of the Company and the Group place on the size of the Company's and the Group's equity, consolidation requirements, liquidity and position in general.

Outlook and financial targets

Market outlook

All four of AcadeMedia's operations are in the field of education. The business models are structured differently, but all four are in the main financed by public funds. External factors that may affect the demand for our services include demographic trends, urbanisation, proportion of parents with children in preschools and schools, state of the general

NUMBER OF SHARES

	ORDINARY SHARES	CLASS C SHARES
Opening balance, shares 1 July 2019	105,215,643	248,242
New share issue on redemption of warrants, 5 November 2019	84,460	–
Closing balance, shares 30 June 2020	105,300,103	248,242

economy, unemployment, integration and trade and industry's need for suitably qualified personnel. The finances of the municipalities, along with government initiatives and prioritisations, can also affect the markets in which we operate.

A considerable need remains for new preschool places in major areas of Europe. AcadeMedia estimates that there is a shortage of more than 1.2 million preschool places in Europe. Germany, where at the financial year-end AcadeMedia ran 49 preschools, has a shortage of more than 350,000 preschool places, with the most urgent need evident in regions such as North Rhine-Westphalia, Bavaria and Baden-Württemberg. These three regions alone have a shortage of around 200,000 preschool places. The shortage of preschool places is a major problem for society when young people, especially women, are struggling to be able to maintain their professional lives while establishing a family. Political decisions in Germany are helping to make preschool places available to all. Free preschool was introduced in a number of Germany's federal states in 2019. The preschool market in Sweden and Norway is mature, and most children of preschool age attend preschool. The demographic trend in both countries regarding the number of children of preschool age is negative for the next five years, -1.3 percent in Sweden and -6.4 percent in Norway. Espira's strategy is to ensure that our preschools are the top choice. New preschools are to be established in growth areas, and Espira continuously monitor how local market conditions are changing.

Demand for compulsory school places in the main areas where AcadeMedia is established is expected to show a positive trend. The number of children aged 5-15 years in Sweden is expected to increase by 2.6 percent over the next five years, according to Statistics, Sweden (SCB).

Student numbers in upper secondary schools are rising, and over the next five years the number of students is expected to increase by 10.7 percent, according to SCB. To deal with the growing number of students, AcadeMedia has since autumn 2017 opened 14 new upper secondary schools and established upper secondary school campuses with several separate schools on the same site. In autumn 2020, a further four new schools will open.

The adult education market in Sweden underwent a number of changes over the past financial year. Unemployment rose sharply as a result of the ongoing pandemic, while at the same time a skill shortage exists

in many sectors. Against that background, the need for education and training in new skills has grown. To mitigate the effects of the Covid-19 pandemic, the government has launched a number of packages of measures with extra funding, for example, for higher vocational education, municipal adult education and labour market services. The Swedish National Agency for Higher Vocational Education (HVE) has rapidly reacted to the new directives via extra allocation rounds to expand the number of places in higher vocational education. In municipal adult education, the government is to finance all regional vocational educational programmes for adults in 2020. What the Swedish Public Employment Service will provide within the scope of labour market training has not yet been announced. AcadeMedia is the market leader in adult education in Sweden, with a broad contract portfolio, and is well-equipped to contribute in many of the initiatives that are currently underway. In the long term, AcadeMedia holds a strong position in an attractive adult education market.

In September 2019, the Centre Party, the Liberals and the Social Democrats agreed to introduce a ten-year compulsory school system and in so doing eliminate the preschool class. This proposal has been referred for scrutiny and a report on the matter is expected to be presented in spring 2021.

During the spring, reports from national commissions of inquiry, that potentially could directly or indirectly affect our operations, were presented in both Sweden and Norway. The process from commission of inquiry to enacted legislation is a long one. A summary of reports is provided on page 65.

A more detailed description of the market is provided on pages 22-25.

Financial targets

AcadeMedia's financial targets are unchanged from earlier years. Adoption of the new rules on accounting for leasing in IFRS 16 has not affected the financial targets, as the targets are still defined and accounted for excluding the effects of IFRS 16.

AcadeMedia's overarching goal is to provide the highest quality education in the areas where the Group operates. AcadeMedia intends to grow organically by utilising spare capacity in existing units, and by opening new units. AcadeMedia also intends to continue to grow by taking over education units, as well as through continued consolidation of the market through acquisitions. AcadeMedia's growth target for net sales is to grow by five to seven percent annually,

excluding major acquisitions. AcadeMedia's profitability target for operating profit (EBIT) excluding non-recurring items shall amount to 7-8 percent of net sales over time.

AcadeMedia's target for indebtedness is to have an interest-bearing net debt, relative to operating profit before depreciation and amortisation (EBITDA) and excluding non-recurring items, with a maximum factor of three. During brief periods, however, deviation from this target may occur, such as in connection with major acquisitions.

In the view of the Board of Directors, the financial position is stable and other objectives have been fulfilled. The Board of Directors therefore proposes an ordinary dividend of SEK 1.50 per share (1.25) for the fiscal year 2019/20. This corresponds to SEK 158 million (132), 29 percent (31) of the profit for the period, excluding the effects of IFRS 16.

Significant events after the end of the financial year

- In September 2020, enrolment figures for AcadeMedia's preschools, compulsory schools and upper secondary schools for autumn 2020 were announced. Growth was recorded at 5.1 percent (3.4).
- In early October 2020, it was announced that AcadeMedia's profit for the first quarter of 2020/21 was higher than expected in the stock market. Net sales were estimated at approximately SEK 2,650 million (2,502), an increase of around 6 percent from the preceding year. Operating profit, adjusted for the effects of IFRS 16, was expected to total around SEK 150 million (75). Continuingly high demand for adult education and a higher level of leave taking than in the preceding year had a positive effect on profit.

Annual General Meeting

The Annual General Meeting (AGM) will be held on 26 November 2020 at 2:00 pm at Näringslivets Hus, Storgatan 19, Stockholm, Sweden.

Due to the current pandemic and with the safety and health of its shareholders in mind, AcadeMedia has decided to apply several safety measures in connection with the AGM. The safety measures are presented in the notice of the AGM.

Considering the recommendations from the authorities, AcadeMedia would like to urge all shareholders to use the option of postal voting instead of physically attending the AGM.

Risk and Risk Management

Exposure to risk is a natural part of any business, and to mitigate this risk AcadeMedia has a risk management plan in place. The focus is on identifying risks, preventing risks and preparing action plans that will enable any damage that such risks may cause to be limited.

Many risks can be eliminated through internal procedures, while various policies, action plans and education can be used to minimise others that to a greater extent are beyond the control of the Company.

AcadeMedia categorises risks as operating, external and financial. Operating risks include variations in demand and student enrolment, risks related to the Group's supply of qualified employees and payroll expenses, availability of attractive premises, risks related to quality shortcomings, contractual compliance in adult education, AcadeMedia's reputation and brand, permits, and liability and property risks.

External risks include risks related to school voucher funding and the general economy, political risks, changes in laws and regulations, and dependence on national authorities in the education sector. Political risks may consist of changes to regulatory requirements affecting operations, such as staff density and various forms of profit or dividend restriction. A common feature of various political proposals is that the processes they go through are often long-winded. In addition, such proposals must be expressed in a legally enforceable form and then also have to pass a vote in the Parliament or equivalent in the country concerned.

Other risks include financial risks such as liquidity, credit and currency risks, see also Note K22.

From a sustainability perspective, the most significant risks are those related to the supply of qualified employees and to premises. How we manage these risks is an important aspect of our stakeholder engagement. In our Sustainability Report on pages 26–53, we give details of our key stakeholders and how we engage with them.

The most important risks in each category are described in more detail below.

Operating risks

Fluctuations in demand and student enrolment

Demand for education services follows demographic factors, as well as the major trends in society and within the educational system. A growing population, society's desire for greater investment in education, combined with the public's positive attitude towards both freedom of choice in education and independent education providers, are

fuelling demand for education services from independent providers. This has led to an ever-increasing number of students turning to independent education providers in the countries in which we operate, and to AcadeMedia's schools.

AcadeMedia competes with both public and other private and voluntary education providers. Competition is often highly concentrated to the local area and can increase if new schools/providers are established. A decline in the Group's reputation and attractiveness could cause lower student and participant enrolment, which would affect sales, while low capacity utilisation would affect margins and profitability.

AcadeMedia generally has a good reputation and works systematically on quality control and operational development in all segments and operations.

A decline in demand for the Group's education services and student enrolment could have a negative impact on the Group's business, financial position and earnings.

Risk related to the supply of qualified employees and payroll costs

AcadeMedia's operations are labour-intensive and in 2019/20 personnel expenses accounted for 67 (67) percent of the cost base. Well-educated employees (including senior management, teachers, preschool teachers and other staff) are a critical success factor in enabling us to offer high-quality teaching, as well as to have the relevant permits in AcadeMedia's operations. Availability of qualified personnel is a challenge for the industry as a whole in all the countries in which AcadeMedia operates.

In Sweden, higher qualification requirements for teachers, combined with a general teacher shortage and political pressure, have driven teachers' salaries upward. Salary increases, partly negotiated at central level, with or without limited involvement of AcadeMedia, may lead to increased costs. Under Swedish and Norwegian law, equal terms must apply for independent and municipal providers, and increased costs in general in the industry should not affect AcadeMedia in the long term. However, the application of equal terms and transparency on the part of the municipalities is, at times, insufficient. There is no guarantee that any salary increases will immediately, or in general, be offset by a corresponding increase in school voucher funding.

The German preschool market is in a build-up phase and demand for preschool places is significantly outstripping supply. There is today a shortage of qualified employees, which is essential for expansion. AcadeMedia is working actively to create positive workplaces in order to be an attractive employer.

AcadeMedia has highly skilled employees and promotes continuous professional development. However, there is always a risk that individual employees might not perform in accordance with the Group's quality standards and internal guidelines. AcadeMedia carefully monitors developments in its operations and has the capacity to efficiently attend to employee development.

Because of the Group's decentralised business structure, AcadeMedia is dependent on business segment heads, education directors and principals for the various operations, to ensure that employee performance is in line with requirements and internal guidelines.

It is extremely important for AcadeMedia to maintain good relations with its employees. As in all businesses, however, regular conflicts and discussions in this collaboration may arise and there is a risk that disputes and differences of opinion may arise in the future, which could result in strikes or other disruptions.

Teacher shortages and increased payroll costs may have a negative impact on the Group's operations, financial position and earnings.

Risks related to availability of premises

AcadeMedia's operations are primarily conducted in rented premises. A prerequisite for attractiveness, growth and continual operation is access to good premises in attractive locations. Mobility on the part of students and adult participants increases with age. Preschools are dependent on the demography of the surrounding area, while upper secondary programmes in central city locations are perceived as more attractive by students. The current trend of urbanisation means the availability of central locations is more restricted, which may limit opportunities for expansion.

The availability and cost of rented premises are determined by the general economic climate. Both public and other independent providers operate in the same market when it comes to the availability and cost of premises. Under Swedish and Norwegian law, equal terms must apply for independent and municipal providers, and increased costs in general in the industry should not affect AcadeMedia in the long term. However, there is at times inadequate application of the equal terms principle and transparency by municipalities. There is no guarantee that any increases in the costs of premises will immediately, or in general, be compensated by a corresponding increase in school voucher funding.

A shortage of premises and increased costs of premises may have a negative impact on the Group's operations, financial position and earnings.

Risks related to lease obligations

As described above, AcadeMedia's operations are conducted primarily in rented premises. To secure the use of premises, AcadeMedia enters into leases. The length of the lease is determined by the type of business conducted, the stability of the underlying business and the degree of adaptation that is required, as well as to a certain extent the location of the premises and any alternative use. Adult education activities have the shortest lease terms, since the business is unpredictable and the lease term is in many cases linked to the length of the contract procured. In school activities, lease terms are generally longer, since the business is stable and is intended to be performed over a long period. In the cases of preschool and compulsory school, the premises are highly tailored to the activities and longer lease terms may then be required. In the cities, longer leases may be contracted, since the demand for school activities and alternative use is high and as a result risk is lower.

Longer leases offer stability for our activities, since they then eliminate the need to relocate. At the same time, such leases represent a risk if volumes decline and capacity utilisation deteriorates, in that the costs are fixed. Rental costs are the second highest cost item, representing between 10 and 20 percent of a school's cost base, depending on the amount of the rent. This means that efficient use of premises and high capacity utilisation are important in terms of enabling the businesses to maintain a healthy margin. At lower volumes, lease obligations impose limitations to the capability of the business to adapt, and if a lease has to be terminated prematurely the remainder of the lease term may have to be bought out. AcadeMedia operates many schools and there are cases where volume losses at individual schools lead to closure and costs arising from lease obligations. The total lease undertakings for the Group are shown in Note K26 on page 102.

Lease obligations may have a negative impact on the Group's business, financial position and earnings if they need to be adjusted or terminated prematurely.

Risks related to quality deficiencies or inadequate contractual compliance

The education services that the Group provides are audited and inspected by the Schools Inspectorate in Sweden, municipalities in the respective country and other purchasers with whom the Company enters into a contract. AcadeMedia continually monitors operations to ensure that they live up to legal and contractual requirements. This also includes fast action to remedy any shortcomings. AcadeMedia has a special network of key individuals to deal with any issues within AcadeMedia.

Inadequate external control activities may lead to penalties, fines or other sanctions, as well as negative publicity, which would

reduce the attractiveness of the Group's education services. AcadeMedia has many education units and individual units may occasionally suffer from quality and/or reputational problems. This can result in a loss of students and the need for extra resources, which has a negative impact on the profitability of the unit. Problems at an individual unit have a limited impact on the Group's sales and earnings.

Risks related to unforeseen shutdowns or disruptions

AcadeMedia's operations are conducted primarily on site on our premises. Disruptions preventing operations from being conducted on site may arise, for example in the event of a pandemic or a fire. Provided that the operations satisfy legal and contractual requirements and is able, in different forms or on alternative premises, to provide teaching and deliver education to students and participants, the risks to the Group's operations, financial position and earnings are regarded as limited.

AcadeMedia's reputation and brand

School and education affect people's lives, so there is strong bond and interest from students and parents, public authorities, the media and other stakeholders. Dissatisfaction with schools or violations of rules can mean that individual schools are inspected by authorities, which can result in injunctions or fines. Violations of rules and perceived grievances can also rapidly spread in the media and fuel negative publicity, which can also damage the reputation of individual schools and brands, making it harder to attract new students. AcadeMedia is well-prepared to act quickly and vigorously and to address any media-related risks. The Group's quality control reduces the risk of large scale reputation-related crises.

Negative publicity arising from grievances at other private education providers could indirectly affect AcadeMedia because independent educational providers in general loose reputation, and because both the authorities and the public would be less willing to allow or use independently managed education services.

Permits

The Group has permits to run preschools in Sweden, Norway and Germany, as well as compulsory schools and upper secondary schools in Sweden.

The Schools Inspectorate in Sweden is the authority that issues permits for opening new compulsory and upper secondary schools in Sweden. There is an extensive regulatory framework for issuing permits. The application process is time-consuming and associated with costs and fees. Permits to run preschools in Sweden, Norway and Germany are issued by the municipality concerned.

The Schools Inspectorate in Sweden is also the supervisory authority for compulsory and upper secondary schools, and regularly inspects the Group's various Swedish units. Completed school inspections may lead to injunctions requiring corrective actions. Injunctions must be remedied within the time period stated by the Schools Inspectorate. If the schools fail to follow the instructions given by the Schools Inspectorate, penalties may be imposed or the permit to conduct education services could be revoked. For preschools in Sweden, Norway and Germany, municipalities can similarly issue injunctions and revoke permits if laws and regulations are not complied with. Responsibility for compliance with the authority's requirements rests with the principal organiser. In AcadeMedia's case, different subsidiaries are principal organisers of the units for which they have permits. The practical work of ensuring compliance with legal requirements is delegated to the principal, or similar. Coordination takes place at Group and principal organiser level in order to develop and ensure regulatory compliance.

In adult education operations, conditions and quality requirements for the education activities are regulated by the contract the Company has with the Public Employment Service or municipality, or by the permit from the Swedish National Agency for Higher Vocational Education. Parts of the adult education operation (e.g. Swedish for immigrants) must also comply with the Swedish Education Act.

Liability and property risks

Any errors and shortcomings in the operation may lead to damage claims. Damage to owned or rented property may also result in direct and indirect costs relating to shutdowns. The Group has centrally coordinated insurance cover and external insurance advisors. The Group has adequate insurance cover and the direct risk is therefore judged to be limited.

External risks

Risk related to school voucher funding and the general economy

Most of AcadeMedia's revenue comes from public funds. Access to these funds depends on the priorities of society and of the general economic situation in Sweden, Norway, Germany and the rest of the world. A deep and prolonged recession could mean lower tax revenues and therefore reduced potential for using public funds to finance the current education system. This, along with other changes in education budgets and grants in each municipality, could lead to lower payments per student, which would negatively impact the entire market, including AcadeMedia.

In spring 2020, the Covid-19 pandemic led to an increase in the number of municipalities in Sweden operating with a deficit. During the spring, the Swedish government provided substantial financial aid packages to the municipalities, despite the fact that more

and more municipalities are flagging up a worsening financial situation. It is likely that a number of them will need both to raise taxes and to review their costs.

A limited portion of revenue from preschools in Sweden, Norway and so far to a somewhat greater extent in Germany, as well as before-and after-school care in compulsory schools in Sweden, is covered by revenue from parents, which could also be adversely affected by a general economic downturn.

State subsidies constitute a rising proportion of revenue, since the Swedish central government engages in various initiatives in the school sector. In 2019/20, AcadeMedia received total State subsidies of SEK 386 million (343), see Note K7. The rules and allocation principles for these subsidies are sometimes uncertain. State subsidies can be withdrawn if the terms of the subsidy are not met. State subsidies can also be terminated if a future government sets other priorities in the government budget.

Political risks

Publicly funded independent schools in Sweden and Norway have been, and continue to be subject to major examinations by public authorities and the media, among others. Any legislation in Sweden, Norway or Germany restricting independent education providers' opportunities for establishing operations, covering costs and/or generating profits could have a material adverse effect on the Group's ability to conduct its business, thereby negatively impacting the Group's financial position and earnings.

On 7 June 2018, Sweden's Riksdagen rejected the proposed cap on profits for Swedish welfare service companies as advocated in the "Reepalu Investigation". The risk of new proposals for caps on profits in the near future is deemed to be low.

The final version of a Parliamentary bill requiring that the principle of public access should also apply to independent schools is currently pending in the Swedish Government Offices. If Riksdagen passes the bill, it will have major impact on AcadeMedia in Sweden, in part via a heavier administrative burden and higher administrative costs.

In spring 2020, two reports from government inquiries concerning education were presented in Sweden. The first is the report from the inquiry into equitable schools with reference to preschool class and compulsory school. Proposals include making it compulsory to offer choice of school to all, removing waiting time as a criterion of choice for independent schools, the introduction of a quota system and entitling the municipalities to make deductions from the school voucher funding they receive to offset extra costs that they incur. The proposal to make it compulsory to offer choice of school to all appears positive, but on the whole the report's proposals risk favouring poor schools and distorting the allocation of resources between municipal and independent schools. Today, the municipalities already make considerable deductions and, for example, administrative costs are to a great extent not included in the school voucher. Municipalities, in the exact same way as independent schools, organise and structure their activities continuously according to how many students are attending, while at the same time a certain measure of uncertainty exists in all activities. To put forward proposals to the effect that municipalities should be able to make this kind of deduction, in addition to those already being, made is highly dubious from the from the perspective of having a level playing field and risks having a major negative impact on the whole independent school sector.

The second inquiry presented proposals on planning and structuring in Komvux and the upper secondary school sector. It is proposed that the government should establish regional frameworks for the offering in the upper secondary school sector and, to a greater extent, that educational offering should be based on the needs of the regional labour market. The proposals represent major, costly changes to the system and it is highly uncertain that the proposals will bring greater efficiency or better provision of skills.

In Norway, a political debate about private preschools continues, and changes were made to regulations on staffing during the year. An inquiry is currently under way regarding changes to various aspects of the funding system, requirements as to the organisation

of preschools, accounting requirements and reporting obligations to the municipality on the sale of independent preschools. This is part of the process of reviewing the existing system of regulation for preschools in Norway. There has also been discussion of whether a requirement should be introduced to organise preschools as a separate legal entity.

A common feature of various political proposals is that the processes they go through are usually long-winded and the proposals have to be examined by various consultation bodies, in which AcadeMedia often participates. In the face of wide-ranging criticism, it can be difficult to mobilise a majority in Riksdagen, and in such cases the government may decide to proceed with individual elements of the proposal. These elements must then be written as legally viable proposals and there after pass a vote in the Parliament of the country concerned.

Changes in laws and regulations

AcadeMedia operates in a highly regulated market in all countries where the Company has operations. Violations of laws and regulations may result in restrictions, higher operating costs or other increased costs due to fines or other penalties. In addition, the Group's counterparts may be given the right to terminate or amend contracts entered into with the Group.

The political, economic and regulatory environment is changing and political factors and/or policy decisions could have a negative impact on the Group's profitability.

AcadeMedia depends on national authorities in the education sector.

Norway has implemented legislation regulating staff density in all municipal and independent preschools. We remain of the opinion that larger providers such as AcadeMedia will not obtain satisfactory compensation over the two-year transition period until school voucher funding reflects the new cost levels. In addition, Norway's Stortinget has resolved to centralise financial supervision of independent preschools. Under the proposal, a national supervisory body is to be set up with

RISK CATEGORY	DESCRIPTION	MANAGEMENT
Operating risks	Operating risks mainly include variations in demand and student enrolment, risks related to the supply of qualified employees and payroll expenses, risks related to quality shortcomings, AcadeMedia's reputation and brand, availability of premises, permits, and liability and property risks.	Systematic quality monitoring and improvement in all segments and activities to ensure a high-quality education. This should also help AcadeMedia become a more attractive employer. Proactive property department focusing on local establishment.
External risks	External risks include risks related to school voucher funding and the general economy, political risks, changes in laws and regulations, and dependence on national authorities in the education sector.	These risks are primarily managed using business intelligence and well-prepared action plans.
Financial Risk	Financial risks such as credit, liquidity, refinancing, interest, and currency risks.	AcadeMedia has a positive cash flow and a net debt/EBITDA ratio of < x3. The school system model of payment in advance means that the business has negative working capital. Regular liquidity forecasts and financial monitoring mean that financial risk is limited and effectively managed.



overall responsibility for financial supervision. This supervision has previously been exercised by the individual municipalities. The municipalities will still be responsible for supervision regarding rules not concerned with finance.

In Sweden, Riksdagen has passed a number of amendments to the Swedish Education Act regarding municipal adult education. The amendment took effect on 1 July 2020 and introduces an extra element to Komvux's goals. Komvux is now a more clearly defined part of the skills provision system. In addition, the criteria for prioritisation are changed such that it is not just the least-educated who qualify, but the unemployed and adults in career-change situations are now also prioritised.

The Group's operations are dependent on a variety of reimbursement systems and pricing decisions that are determined by local, regional and national authorities. According to the law in Sweden and Norway, the same conditions must apply to operations conducted by municipalities and operations conducted by independent operators. However, the pricing procedure of municipalities varies considerably, both between different municipalities and over time. Prices are based on municipal budgets in Sweden, and in Norway on the municipalities' results from prior two years, plus indexation. The total cost is divided by student enrolment and is therefore also affected by capacity utilisation in the municipalities. Prices can both increase and decrease from year to year in any particular municipality.

There is also a risk that general cost increases, such as higher costs for rent and higher teacher salaries, are not immediately taken into account in the public remuneration to independent schools. Consequently, AcadeMedia may incur significantly higher costs, but cannot always expect to be compensated when such costs arise, but at a later stage, through school vouchers, retroactive payments or other means.

Financial Risk

Credit risk

The business generates positive cash flow and the school system model with payment in advance which means that the business shows negative working capital. The Group's operating assets include accounts receivable, pre-paid expenses and accrued income. Bad debt losses may arise if the customer is unable to pay. The Group's receivables are almost exclusively from central government, municipalities and authorities, where the risk of insolvency is minor. As a result, AcadeMedia's credit risk is considered low. The municipalities currently pay school vouchers in advance on a monthly basis. There is a risk that the municipalities will change this payment model, which would adversely affect AcadeMedia's working capital. However, this would severely affect small independent providers and could make it impossible for small preschools to maintain liquidity. Consequently AcadeMedia considers that this risk is limited.

Liquidity and refinancing risk

Liquidity risk is the risk that AcadeMedia cannot fulfil its payment obligations relating to financial liabilities. Refinancing risk is the risk that refinancing for loans cannot be arranged, or cannot be arranged on acceptable terms. Liquidity and refinancing risks are managed centrally. Refinancing risk is managed via credit facilities within the scope of existing loan agreements, by financing the property portfolio in Norway long term via Husbanken and by ensuring that the Group uses several banks. Liquidity risk is managed by ensuring that the Company always has an available liquidity reserve and by maintaining continuous forecasting of cash flows. To facilitate liquidity planning and liquidity control, the Group operates cash pools.

Interest rate risk

AcadeMedia's interest rate risk arises in the Group's long-term borrowing, including its property loans from Husbanken (the Norwegian State Housing Bank). At the end of the financial year, 100 percent of the borrowing was at a variable (six-month) interest rate. The effect of an increase in the variable interest rate of one percent on the Group's interest expense is SEK 25 million (30).

Currency risk

AcadeMedia conducts operations in Norway and Germany, and is therefore exposed to currency risk, largely in NOK but also EUR, partly transaction exposure and partly translation exposure. Transaction exposure is limited, in that both revenue and costs are in all material respects denominated in the local currency. Translation exposure arises when the Group's net assets in foreign currencies are translated to SEK, and when earnings are translated to SEK. Currency exposure in net assets is managed by financing such assets wholly or partly via loans in the local currency. On 30 June 2020, net assets in foreign currency totalled NOK 567 million and EUR 19 million.

Sensitivity analysis

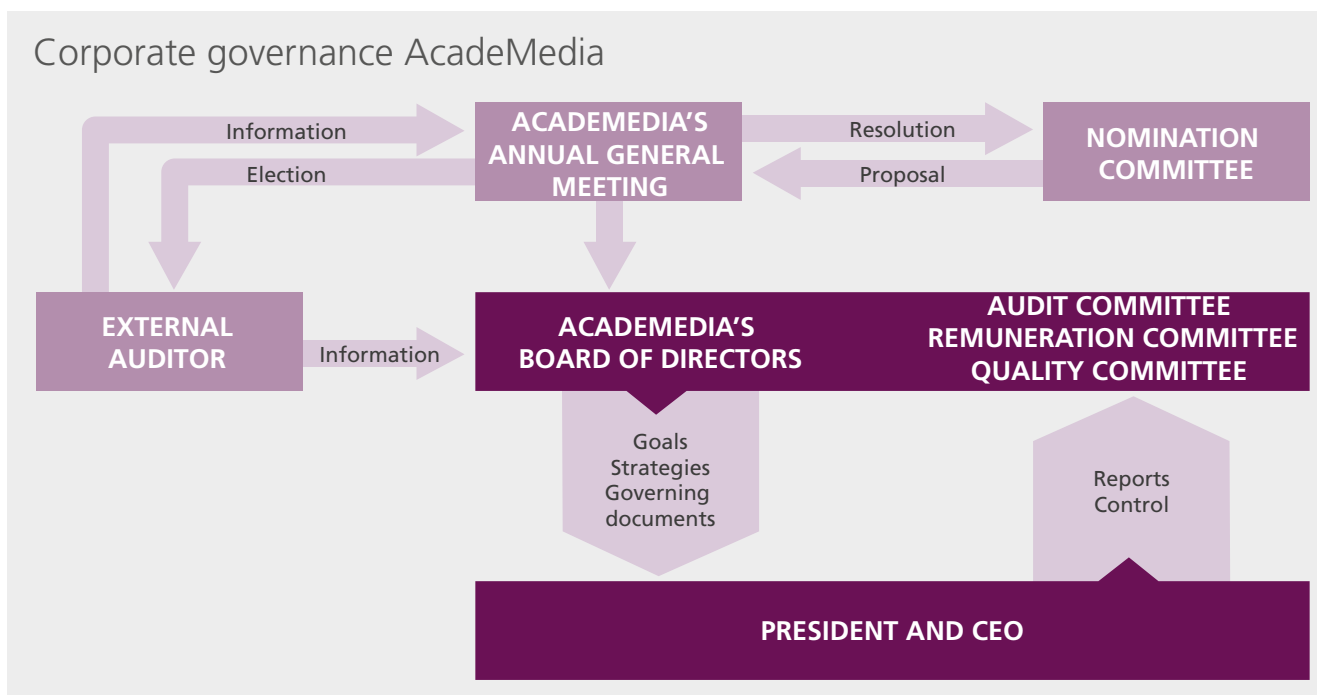
A number of important factors that affect the Group's results are presented below in a sensitivity analysis. The estimated effect of the changes is based on the Group's results for the 2019/20 financial year, excluding the effects of IFRS 16, and assumes for each individual factor that all other factors are unchanged. The sensitivity analysis illustrates the effects on the Group's results as if the changes had occurred during the 2019/20 financial year, but are not a forecast of future effects on results. The table below shows the effect of each factor on EBIT. The sensitivity as applied to Equity corresponds to the EBIT effect less taxes.

FACTOR	CHANGE	EFFECT
Student enrolment in the three school segments	+/- 1%	+/- SEK 110 million on sales and +/- SEK 40-70 million on operating profit/loss (EBIT)*
Average personnel expense per employee	+/- 1%	-/+ SEK 75 million on operating profit/loss (EBIT)
Average student voucher funding (all countries)	+/- 1%	+/- SEK 110 million on operating profit/loss (EBIT) Full-year impact
Change in interest rate, Group loans**	+ 1 percentage point	SEK -25 million on profit/loss after financial items
Exchange-rate fluctuations NOK/SEK	+/- 10%	+/- SEK 195 million on sales and +/- SEK 14 million on operating profit/loss (EBIT)*
Exchange-rate fluctuations EUR/SEK	+/- 10%	+/- SEK 50 million on sales and +/- SEK 2 million on operating profit/loss (EBIT)*

* The effect on operating profit is determined entirely by where the volume change occurs, whether it is widespread or concentrated.

** Since the Group's major loan agreements have a zero-interest rate floor, the Group's interest expenses will not benefit from further interest rate cuts.

Corporate Governance Report



EXTERNAL GOVERNING DOCUMENTS

- Swedish Companies Act
- Swedish Annual Accounts Act
- Other relevant laws
- Nasdaq Stockholm's rules for issuers of shares
- Swedish Code of Corporate Governance

INTERNAL GOVERNING DOCUMENTS

- AcadeMedia's articles of association
- Rules of procedure, instructions for the board of directors/CEO
- Values and culture
- Codes of conduct
- Policies and guidelines

AcadeMedia AB (publ) is a public limited company with its registered office in Stockholm, whose shares were listed on 15 June 2016 on the Mid Cap List of Nasdaq Stockholm.

The purpose of corporate governance at AcadeMedia is to ensure that the Board of Directors and management act such that the Group's operations focus on development to create long-term value for shareholders and other stakeholders, such as students, employees and customers. This includes ensuring:

- a fit-for-purpose organisation,
- quality management, risk management and internal control, and
- transparent internal and external reporting.

Corporate governance at AcadeMedia is managed via principles established in external and internal systems of regulation. The external system of regulation consists of relevant laws/rules, including the Swedish Companies Act, the Swedish Annual Accounts Act and IFRS, Nasdaq Stockholm's Rules for Issuers of Shares and the Swedish Code of Corporate Governance ("the Code"). The internal system of regulation consists of the Company's Articles of Association and the control instruments that AcadeMedia has established in the form of rules of procedure for the Board of Directors, as well as internal

instructions, policies and guidelines to Board committees, the Chief Executive Officer and the operational organisation.

The structure of corporate governance at AcadeMedia is shown in the above illustration.

This Corporate governance report was prepared in accordance with the Swedish Annual Accounts Act.

Deviations from the Code

AcadeMedia includes qualitative criteria when determining the quality goals in share-matching plans for senior executives. This represents a deviation from section 9.4 of the Code, which states that forms of variable remuneration must be linked to measurable criteria. Achievement of quality goals is measured in detail via various quantitative measurements at school unit level up to Group level and is described in detail in AcadeMedia's annual quality report and on the Company's website. AcadeMedia's Board of Directors has determined that it is also appropriate to evaluate whether management has used good judgement in its quality improvement work. This is important in terms of ensuring that operations develop in a way that is beneficial for the students and is sustainable for the Company in the long term. This enables the Board of Directors to deny

allocation of matching shares if it determines that management has failed to exercise good judgement and, for example, prioritised profit over quality.

Shares and shareholders

AcadeMedia's ordinary shares were listed on the Nasdaq Stockholm exchange in 2016 and are traded on Nasdaq Stockholm Mid Cap. The number of shares in issue is 105,300,103 ordinary shares, carrying an entitlement of one vote per share, and 248,242 C series treasury shares, carrying an entitlement of one tenth of a vote per share, but no right to representation at the Annual General Meeting (in all, 105,548,345 shares in the Company). The biggest shareholder in AcadeMedia since its IPO has been Mellby Gård. On 30 June 2020, the company owned 21.0 percent of the capital and 21.1 percent of the votes. Other major shareholders are shown on the list of shareholders on page 123.

The 2019 Annual General Meeting authorised the Board of Directors to resolve to issue new shares corresponding to a dilution of no more than five percent.

Shareholders' meeting

The shareholders' meeting is AcadeMedia's highest decision-making body, at which the



shareholders exercise their right of decision over the affairs of the Company. The shareholders' meeting resolves on issues such as the adoption of income statements and balance sheets, appropriation of the Company's profit or loss, discharge from liability of members of the Board of Directors and the Chief Executive Officer, election of members of the Board of Directors and auditor, as well as remuneration of Board members and the auditor.

The Annual General Meeting (AGM) of shareholders shall be held within six months from the end of the financial year. AcadeMedia's 2020 AGM will be held on 26 November 2020. Notice convening a shareholders' meeting shall be published via a press release and by having the notice posted on the Company's website. The day after the notice has been published it shall be printed in the Swedish National Gazette (Sw.: Post och Inrikes Tidningar). At the same time, the notice shall be published in the financial newspaper Dagens Industri.

Right to participate in shareholders' meetings

Shareholders wishing to participate in a shareholders' meeting must be included in the shareholders' register maintained by Euroclear Sweden, and must notify the Company of their participation no later than on the date indicated in the notice convening the meeting. Shareholders may attend the shareholders' meetings in person or by proxy and may be accompanied by a maximum of two advisors. Shareholders may register for the shareholders' meeting in several different ways, as detailed in the notice of the meeting.

Shareholders are entitled to vote for all shares in the Company held by the shareholder.

Shareholders' initiatives

Shareholders who wish to have a matter brought before the shareholders' meeting

must submit a written request to that effect to the Board of Directors. Such requests must be received by the Board of Directors well in advance of the meeting, in accordance with the information provided on the Company's website in conjunction with the announcement of the time and place of the shareholders' meeting.

Nominating Committee

The Nominating Committee is tasked with presenting proposals to the shareholders' meeting regarding election of and fees to Board members and auditor. The Nominating Committee shall also propose the chairman for the AGM. The Nominating Committee shall perform its functions in accordance with the Code and the instructions that the committee has established (these instructions will in future be subject to approval by the AGM, in accordance with updated provisions of the Code).

According to the Company's adopted principles for appointment of the Nominating Committee, AcadeMedia's Nominating Committee shall comprise one representative of each of the three biggest shareholders as can be determined from Euroclear's shareholder register, based on their holding in the Company at the end of the financial year's third quarter. The Board Chairman shall serve as a co-opted member. In the event that any of the three biggest shareholders waive their right to appoint a representative on the Nominating Committee, the right shall be transferred to the shareholder who, after these three shareholders, has the biggest shareholding in the Company. The composition of the Nominating Committee prior to the 2020 AGM was published on 23 April 2020 and is as follows (Capital Group, with a shareholding of 7.5 percent of the votes at the end of the third quarter, waived its right to appoint a representative):

Rune Andersson (Chairman), Mellby Gård, 21.01 percent of votes at the end of the third quarter.

Malin Björkmo, Handelsbanken Fonder, 8.99 percent of votes at the end of the third quarter.

Erik Durhan, Nordea Fonder, 6.93 percent of votes at the end of the third quarter.

Anders Bülow, Chairman of the Board (co-opted).

Board of Directors

Division of work

The Board of Directors is responsible for ensuring that the Company's organisation is fit-for-purpose in order to administer the Company's affairs in the best way possible, for continuously assessing the Group's financial situation and ensuring that the business is conducted in accordance with the Articles of Association, the Swedish Companies Act, the Code and other applicable laws and regulations, as well as with the Board's rules of procedure. The Chairman supervises the work of the Board and ensures that the Board fulfils the functions that are incumbent on the Board and that this work is conducted in an efficient and well-organised way.

The Board follows written rules of procedures that are reviewed and adopted annually at the statutory Board meeting. The rules of procedure regulate functions and allocation of duties between Board members and the Chief Executive Officer, as well as between the Board and its various committees. At the statutory Board meeting, the Board also adopts the instructions to the Chief Executive Officer, including instructions for financial reporting.

The Board meets according to an annually fixed schedule. In addition to these Board meetings, additional meetings may be convened to address issues that cannot be referred to a regular Board meeting. In addition to Board meetings, the Chairman and the Chief Executive Officer maintain continuous dialogue concerning management of the Company.

BOARD OF DIRECTORS IN 2018/19, ROLE AND INDEPENDENCE

Member	Elected	Position	Independent of	
			The Company and executive management	The company's major shareholders
Anders Bülow	2016	Chairman of the Board	Yes	No
Silvija Seres	2015	Board member	Yes	Yes
Johan Andersson	2017	Board member	Yes	No
Pia Rudengren	2017	Board member	Yes	Yes
Anki Bystedt	2017	Board member	Yes	Yes
Håkan Sörman	2017	Board member	Yes	Yes
Thomas Berglund ¹	2017	Board member	Yes	Yes
Fredrik Astin ²	2019	Employee representative	–	–
Anders Lövgren	2016	Employee representative	–	–
Sofia Lundström ³	2019	Deputy employee representative	–	–
Pernilla Larsson	2016	Deputy employee representative	–	–

¹ At the 2019 AGM, Thomas Berglund resigned as Board member.

² Peter Milton resigned as employee representative prior to the start of autumn term 2019. Fredrik Astin (former deputy employee representative) was elected as new employee representative and at the same time Sofia Lundström was elected as new deputy employee representative.

³ Fredrik Astin resigned as employee representative prior to the start of autumn term 2020. Sofia Lundström (former deputy employee representative) was elected as new employee representative and at the same time Sofia Lundström was elected as new deputy employee representative.

BOARD ATTENDANCE DURING THE 2019/20 FINANCIAL YEAR

Member	Attendance Board meetings	Audit Committee	Remuneration Committee	Quality Com- mittee
Anders Bülow	12 (12)	6 (6)	–	–
Silvija Seres	10 (12)	–	3 (4)	7 (7)
Johan Andersson	11 (12)	5 (6)	4 (4)	–
Pia Rudengren	11 (12)	6 (6)	–	–
Anki Bystedt	12 (12)	–	–	7 (7)
Håkan Sörman	12 (12)	–	2 (4)	7 (7)
Thomas Berglund*	2 (12)	–	2 (4)	– (7)
Fredrik Astin	12 (12)	–	–	7 (7)
Anders Lövgren	12 (12)	–	–	7 (7)
Sofia Lundström	8 (12)	–	–	–
Pernilla Larsson	11 (12)	–	–	–

* At the 2019 AGM, Thomas Berglund resigned as Board member. Håkan Sörman replaced Thomas Berglund in the remuneration committee. Therefore, none of them attended all the meetings during the financial year.

Composition of the Board of Directors

According to AcadeMedia's Articles of Association, the Board of Directors, as elected by the shareholders' meeting, shall consist of no less than three and no more than ten members. The Company's Board of Directors currently consists of six members, including the Chairman, elected by the shareholders' meeting for the period until the 2020 AGM. Employee organisations are entitled by law to appoint employee representatives to the Board with the same rights and duties as other Board members. The Swedish Teachers' Union and the National Union of Teachers in Sweden have each appointed one member and one deputy to serve on the Board. The table on the previous page shows AcadeMedia's Board members, when they were first elected to the Board and whether the elected members are independent of the Company, management and/or the principal owner. The composition of the Board of Directors of AcadeMedia meets the requirements for independent Board members. None of the members of Group management have significant shareholdings or partnerships in companies with which the Company has material business relationships.

Anders Bülow has been AcadeMedia's Chairman of the Board since 2017. The Chairman is elected by the AGM.

Board of Directors' work during the 2019/20 financial year

During the financial year the Board held twelve meetings at which the minutes were recorded. Board member attendance is presented in the table above. The Secretary at the Board meetings was Chief Legal Officer Jonas Nordström. Before the meetings, Board members received written information about the issues to be discussed at the meeting.

During the year, the Board devoted its time to following up the Group's and the segments' performance, financial management and financial reporting. Particular focus was

given to quality issues, and, in spring 2020, on the financial and operational effects of the spread of the Covid-19 virus. In addition, time was spent on continued analysis of the German market, development of clear educational profiles in the compulsory school business, property issues, the impact of a new regulatory framework and the pension system in Norway, as well as decisions on acquisitions and new start-ups.

The Board has been working actively with management on various strategic issues and each year devotes an extended Board meeting to a review of the Company's strategy. As a result of the spread of the Covid-19 virus, a planned strategy meeting in March 2020 was cancelled. These issues are being addressed on an ongoing basis, and an in-depth discussion of long-term development opportunities and targets will be held later in the year.

Audit Committee

AcadeMedia's Board of Directors has established an Audit Committee comprising three members, who are independent of the Company and its management: Pia Rudengren (Chair), Anders Bülow and Håkan Sörman. The Company's CFO takes part in the Audit Committee's meetings, which are also regularly attended by the Company's auditors. The Audit Committee shall *inter alia*, without prejudice to the other responsibilities and tasks of the Board of Directors, monitor the Company's financial reporting, monitor the effectiveness of the Company's internal control, compliance and risk management, keep informed of the auditing of the annual report and the consolidated accounts and of the conclusions of the Swedish Inspectorate of Auditors (Revisorsinspektionen) regarding quality controls of the Company's auditor, examine and monitor the auditor's impartiality and pay particular attention as to whether the auditor is providing the Company with other services besides audit services. The Committee is also tasked with evaluating the audit work and providing this information to the Nominating Committee, as well as assisting the Nominating Committee in the preparation of proposals regarding election of auditors and auditors' fees.

The Audit Committee has a scheduled annual cycle of five planned meetings each year. During the 2019/20 financial year, six meetings were held, five regular meetings and one to address the issue of adoption of IFRS 16 Leases. During the year, the Audit Committee addressed a number of issues that were specific to this financial year. These include, for example, adoption of IFRS 16 Leases, transition to a new pension scheme for employees in Norway together with pension assumptions, follow-up of units and impairment testing for goodwill, which included specific evaluation of the assumptions affected by the adoption of IFRS 16. Another focus area during the year was the development of a reporting system regarding the efficiency of internal control.

Remuneration Committee

The Board of Directors of AcadeMedia has a Remuneration Committee comprising three members: Johan Andersson (Chairman), Håkan Sörman and Silvija Seres. The Remuneration Committee prepares proposals concerning remuneration principles and remuneration, as well as other terms of employment for the CEO and senior executives. The Remuneration Committee is also tasked with monitoring and evaluating variable remuneration programmes for management, application of the guidelines for remuneration to senior executives, as adopted by the AGM, and the structures and levels of remuneration in the Group.

The Remuneration Committee held four meetings during the financial year.

Quality Committee

The Board of Directors of AcadeMedia also has a Quality Committee comprising three members: Silvija Seres (Chair), Håkan Sörman and Anki Bystedt. Employee representatives Fredrik Astin and Anders Lövgren also serve on the Quality Committee. The purpose of the Quality Committee is to work more actively with operations-related issues, such as quality improvement, brands and digitalisation. In so doing, the Quality Committee shall monitor and evaluate the systematic focus on quality, brand development and attractiveness, the work of leadership development, and shall examine and discuss proposals regarding digital development.

The Quality Committee held seven meetings during the financial year.

Evaluation of the Board's work

The Board's work is evaluated annually via a structured process in which all Board members and deputy members answer questions about how they feel the Board performed in a number of relevant areas. The areas assessed include whether the Board's skills and composition are fit-for-purpose, and the focus and direction of its work. The Chairman of the Board is responsible for the evaluation, and ensures that the results are presented and discussed on the Board, as

well as in the Nominating Committee. The evaluation serves as a basis for the Board's further work and development, as well as for the Nominating Committee's work. The evaluation of the Board's work in 2019/20 was distributed prior to the Board meeting on 10 June 2020 and was subsequently presented to the Nominating Committee. All Board members elected by the AGM participated in the survey, which was reviewed orally, and various development areas were discussed.

Remuneration to Board members and shareholdings

The 2019 AGM resolved that remuneration for the period until the next AGM shall be paid at SEK 600,000 per year to the Chairman of the Board and SEK 263,000 per year to each of the other Board members who are not employed by the Group. In addition, the Chair of the Audit Committee will receive a fee of SEK 158,000 and each of the other members of the Audit Committee who are not employees of the Group will receive SEK 79,000. SEK 65,000 will be paid to the Chairman of the Remuneration Committee, SEK 33,000 to each of the other members of the Remuneration Committee who are not employees of the Group, SEK 105,000 to the Chair of the Quality Committee and SEK 53,000 to each of the other members of the Quality Committee who are not employees of the Group.

For information on the remuneration paid to the Board members for the 2019/20 financial year see Note K5.

Chief Executive Officer and Senior Management

Marcus Strömberg has been President and Chief Executive Officer of AcadeMedia since 2005. The division of work between the Board of Directors and the CEO is set out in the rules of procedure for the Board of Directors and the instructions to the CEO.

The CEO shall attend to the day-to-day administration and coordinate the activities of the Company, with the care and to the extent required to handle these affairs, and in accordance with the Articles of Association, the rules of procedure for the Board, the instructions to the CEO, applicable legislation and other guidelines and directions issued by the Board. The CEO shall ensure that the Company's accounting records are kept in accordance with applicable legislation, and that the management of assets is conducted in a proper manner with a satisfactory measure of control and follow-up.

According to the instructions for financial reporting, the CEO is responsible for financial reporting in the Company and consequently must ensure that the Board of Directors receives adequate information to enable its members to evaluate on an ongoing basis the Company's financial position. In addition, the CEO must continuously keep the Board

of Directors informed of developments in the Company's operations, the trend of net sales, the Company's earnings and financial position, liquidity and credit status, major business events and all other events, circumstances or conditions that may be assumed to be of importance to the Company's shareholders.

Group management, consisting of the four segment managers, the CFO, Director of Business Development, Human Resources Director, Head of Safety and Security and Head of Communication and Public Affairs, provide support for the CEO.

For more information about the CEO and other senior executives, as well as their shareholdings, see page 74.

For a description of the remuneration and terms of employment for the CEO and senior management for the 2019/20 financial year, as well as outstanding incentive programmes in the Company, see Note K5. The evaluations and reports required under the Code are also posted on the website, along with descriptions of incentive programmes, criteria for variable remuneration, application of guidelines for remuneration of senior executives, remuneration structures and remuneration levels in the Company.

Internal control and risk management

Internal control framework

Under the Swedish Companies Act, the Board of Directors is required to ensure that the Company's organisation is structured such that the accounting records, management of assets and the Company's financial position are controlled in a proper manner. The Code provides clarification on this point and stipulates that the Board is responsible for internal control. AcadeMedia's procedures for internal control are based on two perspectives: internal control and risk management related to operations and internal control and risk management related to financial reporting. Internal governance and control shall ensure reliable financial reporting, and that operations at any one time meet the requirements and expectations applying to a company that operates a publicly funded enterprise. AcadeMedia's internal control structure for financial reporting is based on the COSO model. It consists of five main components, which together provide a basis for effective internal control: Control environment, Risk assessment, Control activities, Information and communication and Follow-up.

Control environment

The control environment forms the basis of the internal control system for financial reporting. One important part of the control environment is that authorities and responsibilities should be clearly defined and that control documents should be in place, in the form of internal policies and guidelines for

areas of central importance. The Board of Directors annually adopts a number of control documents intended to serve as the basis of effective internal control and to establish and maintain a high standard of ethics in the Group. These documents include the Board's rules of procedure, instructions to the CEO, the Code of Conduct, delegation of authorities, attestation instructions, financial policy and information policy, and are available on the Company's intranet. AcadeMedia's financial management manual is a central part of this documentation. AcadeMedia's CEO has delegated responsibility for implementation and enforcement of formalised guidelines for financial reporting and internal control to the CFO. The CFO reports to the Audit Committee, which has a specific responsibility for monitoring the effectiveness of the Company's internal control and governance

In parallel with the procedures for financial accounting and financial reporting, AcadeMedia's internal control and risk management are largely based on systematic and wide-ranging quality management. AcadeMedia has developed its own quality system in the form of the AcadeMedia Model. The purpose of the quality model is both to minimise risk and to improve quality in our schools. In addition, the Group operates a regular risk management process in which various risks that arise are evaluated and monitored. Finally, operations are regularly inspected by various supervisory authorities, including the Schools Inspectorate, the Work Environment Authority, the Public Employment Service, the National Agency for Higher Vocational Education, the municipalities in which the Company operates, the Directorate for Education and Training, Norway, and the State Youth Welfare Office, Germany.

Within the framework of the AcadeMedia Model, internal control includes annual student, parent and employee surveys. This procedure makes it possible to monitor satisfaction and opinions in various areas, providing a basis for improvement so that measures and additional controls can be implemented as needed. Within the Group's preschools, compulsory schools and upper secondary schools, internal audits have also been carried out for several years to verify that operations meet the requirements of laws, regulations and other statutes, as well as serving as tools for development and improvement initiatives. Each unit within AcadeMedia is reviewed from the perspective of quality at least every other year (external inspection or internal audit). Internal audits are performed at the preschool, compulsory school and upper secondary school levels, in line with AcadeMedia's jointly adopted methodology. In adult education, internal audits and/or self-monitoring are carried out in various ways depending on the type of operation. Where shortcomings are identified, an action plan is drawn up and the shortcoming is usually required to be solved within three months. In order to monitor and control ongoing regulatory and inspection

cases, case logs of all pending cases are kept. The Group's Head of Quality and Legal Counsel prepare, on a monthly basis, a list of units for which risks and material deficiencies exist. The list is reported to the executive management of Group and also, on a quarterly basis, to the Board.

AcadeMedia is characterised by a high growth rate as a result of both new establishments and acquisitions. As regards the latter, the Company operates well-developed routines for integrating new operations relatively quickly and for ensuring that the operations comply with the Company's quality and financial procedures.

Risk assessment

AcadeMedia continuously assesses the risks in its business. Such risks consist of both operational risks and risks relating to financial reporting and compliance. Operations are characterised by relatively low risks in areas such as market risk (stable markets and revenue streams based on continuous need for educational services, demographic trends and price inflation), credit risk (high proportion of public customers/counterparties) and a relatively low risk of corruption or financial irregularities. The type of corruption that can occur is that representatives of attractive schools may be pressured to depart from the rules on waiting lists. The Company regards the following risks to be the most significant:

- Political/regulatory risk, i.e. the risk of new rules or remuneration structures that the Company may find difficult to mitigate.
- Quality risk, i.e. the risk that quality fails to meet the standards in applicable legislation, contractual requirements and customer expectations, with a subsequent loss of revenue.
- Reputational risk, i.e. the risk that inadequate ethics or transparency causes loss of revenue.

These risks are best managed by an effective quality management model (the AcadeMedia Model), clear ethical guidelines and a high degree of transparency regarding the Group's operations.

For more about risks and risk management, see pages 63-66 and Note K22.

Control activities

Control activities are designed to manage the risks identified as material to internal control

of the financial reporting at AcadeMedia. The controls used consist partly of control activities aimed at preventing risks of errors in reporting, such as rules on attestation, appropriate allocation of responsibilities (duality) and authorities, and partly of control activities aimed at detecting and correcting errors and deviations, such as analysis of results, reconciliations, checking of error lists and random sampling.

Information and communication

AcadeMedia has communication and information channels designed to enable relevant information to be distributed quickly and accurately both internally and externally. The Board of Directors receives monthly business reports, both operational and financial. The financial reports are published on the Company's website. Internal governing documents are incorporated into the Company's management system and are posted, where relevant, on AcadeMedia's intranet. The results of the annual quality survey are published annually for the entire Group, for each principal organiser and for each education unit on their respective websites.

AcadeMedia's governing documents, in the form of policies, guidelines and manuals are, to the extent they refer to financial reporting, communicated above all via the intranet and the Group's financial management manual. The financial management manual is updated continuously to reflect changes in external requirements and changes in AcadeMedia's business that require clarifications and instructions.

AcadeMedia has a Communication Policy with guidelines on internal communication to employees and to external stakeholders. Financial communication is subject to a policy on investor relations to ensure that the provision of information to the capital markets is conducted in line with applicable rules.

Follow-up

AcadeMedia's work on internal control and risk management is performed above all via Group management's continuous follow-up of operations in relation to set goals, by formulating KPIs and by focusing on early warning signs. The Company's key procedures for financial reporting and their appropriateness are continuously assessed by the CFO and the CFO's organisation. Compliance with the financial management manual, policies and

legislation is reviewed. Any deviation either results in corrective actions or improvement of processes and procedures. The Audit Committee summarises and reports to the Board on the status of measures identified.

Internal audit

The Board of Directors conducts an annual review of the need for an internal audit function. Based on the Audit Committee's assessment, the Board has resolved that no separate internal audit function should be established. In the Board's view, the quality management system, combined with well-established financial processes for follow-up and assessment of controls in operation within the Group Controller function, provides sufficient reliability in financial reporting without the need for an independent internal audit unit.

Auditing

The auditor shall review the Company's annual report and accounts, as well as the administration of the Company by the Board of Directors and the CEO. After the end of each financial year, the auditor is required to present an audit report and a consolidated audit report to the AGM.

According to the Company's Articles of Association, the Company shall have no less than one and no more than two auditors, with no more than two deputy auditors. The Company's auditors are PricewaterhouseCoopers AB, with Patrik Adolfson as principal auditor and Eva Medbrant as cosignatory. Patrik Adolfson is an authorised public accountant and partner at PwC. He has many years of experience auditing companies listed on a regulated market and companies in the service sector. Patrik has served as auditor for clients such as Attendo, Securitas and Bonava. Eva Medbrant also has many years of experience auditing companies listed on a regulated market.

The Audit Committee conducts an annual evaluation of the auditors' work and independence.

The Company's auditors are presented in more detail in the section "Board of Directors, executive management and auditors" on pages 72-73.

For information on the remuneration paid to the auditors for the 2019/20 financial year, see Note K4.

Board of Directors, senior executives and auditors



Acadēmedia

Board

ANDERS BÜLOW

About: Born 1953, Board member since 2016 and Chairman of the Board since 2017. Member of the Audit Committee.

Education: MSc in Business, Stockholm University.

Other current appointments: Board member of Mellby Gård AB.

Previous appointments: Chairman of the board of KappAhl AB (publ), Duni AB (publ), Feralco Holding AB, and Cale Holding AB. Board member for Roxtec AB, Älvsbyhus Intressenter AB, Älvsbyhus AB and StudentConsulting Group AB.

Shareholding in the company: 15,833 shares held through companies

Independent in relation to major shareholders: No

Independent in relation to AcadeMedia: Yes

SILVIJA SERES

About: Born 1970. Board member since 2015. Member of the Remuneration Committee and chair of the Quality Committee.

Education: Ph. D. mathematics, Oxford University, M. Sc., computer science, Oslo University and MBA, INSEAD.

Other current appointments: Partner at Technorocks AS and Lørn AS. Board member for Stiftelsen Det Norske Veritas, and Ruter AS. Chairman of the board of Norsk Rikstoto.

Previous appointments: Board member for Norsk Ringkringkasting AS (NRK), Oslo Børs ASA, Nordea Bank AB, Norsk Tipping AS, Statkraft AS, Aschehoug AS, Data Respons ASA, Dagbladet Medialab AS, Norman ASA. Member of the nomination committee for Telenor ASA.

Shareholding in the company: None

Independent in relation to major shareholders and AcadeMedia: Yes

JOHAN ANDERSSON

About: Born 1978. Board member since 2017. Member of the Remuneration Committee and Audit Committee.

Education: MSc, Chalmers University of Technology. MBA, INSEAD.

Other current appointments: CEO of Mellby Gård AB. Chairman of the board of Feralco. Member of the Super Advisory Board of Flowbird. Board member of Roxtec AB, Älvsbyhus Intressenter AB, Optik Smart Eyes AB, StudentConsulting Holding AB and the Confederation of Swedish Enterprise (Svenskt Näringsliv).

Previous appointments: CEO of Smarteyes International AB. Board member of Duni AB (publ) and Chalmers University of Technology.

Shareholding in the company: 22,178,141 shares via Mellby Gård AB.

Independent in relation to major shareholders: No

Independent in relation to AcadeMedia: Yes

PIA RUDENGREN

About: Born 1965. Board member since 2017. Chair of the Audit Committee.

Education: MSc in Business and Economics, Stockholm School of Economics.

Other current appointments: Board member for Boliden AB (publ) and Picmart AB. Chair of the board of Social Initiative Norden AB.

Previous appointments: CFO at Investor Aktiebolag (publ). Deputy CEO of W Capital Management AB. Board member of Swedbank AB (publ) and Metso Oyj and Tikkurila Oyj.

Shareholding in the company: None

Independent in relation to major shareholders and AcadeMedia: Yes

ANKI BYSTEDT

About: Born 1967. Board member since 2017. Member of the Quality Committee.

Education: M.Sc. in Business and Economics, University of Växjö. Studies at Montana State University.

Other current appointments: Head of the external relations and communications office, Stockholm University. Government-appointed auditor for the Royal Swedish Academy of Engineering Sciences, IVA.

Previous appointments: Deputy County Governor at the County of Uppsala. Deputy Director General at the Ministry of Enterprise, Energy and Communications. Work within the Ministry of Finance and the Ministry of Employment.

Shareholding in the company: None

Independent in relation to major shareholders and AcadeMedia: Yes

HÅKAN SÖRMAN

About: Born 1952. Board member since 2017. Member of the Quality Committee.

Education: MSc in Business and Economics, Stockholm School of Economics.

Other current appointments: Chairman of the board of Karolinska University Hospital and Senior consultant, Compass Rekrytering AB.

Previous appointments: County governor of Jönköping County. Director General of Swedish Association of Local Authorities and Regions, CEO of Södertälje Municipality and CEO of Täby Municipality. The government's investigator of the municipal financial equalisation system. Board member for SOS Alarm Sverige AB, KPA Pension AB, SKL Kapitalförvaltning AB and Dagens Samhälle AB.

Shareholding in the company: 444 shares via related party.

Independent in relation to major shareholders and AcadeMedia: Yes

ANDERS LÖVGREN

About: Born 1967. Employee representative, Swedish Teachers' Union, since 2016.

Education: Vocational teacher training programme, Stockholm University.

Other current appointments: None

Previous appointments: None

Shareholding in the company: 111 shares

Independent in relation to major shareholders: Yes

Independent in relation to AcadeMedia: No

FREDRIK ASTIN (resigned 1/7 2020, replaced by Sofia Lundström)

About: Born 1967. Employee representative, National Union of Teachers in Sweden, since 2019. Deputy employee representative from 2016 until 2019.

Education: Bachelor of Education, University of Gothenburg.

Other current appointments: None

Previous appointments: None

Shareholding in the company: 555 shares via related party.

Independent in relation to major shareholders: Yes

Independent in relation to AcadeMedia: No

PERNILLA LARSSON

About: Born 1976. Deputy employee representative, Swedish Teachers' Union, since 2016.

Education: Bachelor of Education, Kristianstad University, as well as studies at Lund University.

Other current appointments: None

Previous appointments: None

Shareholding in the company: None

Independent in relation to major shareholders: Yes

Independent in relation to AcadeMedia: No

SOFIA LUNDSTRÖM

About: Born 1984. Deputy employee representative since 2019, National Union of Teachers in Sweden. Employee representative as of 31 July 2020.

Education: Bachelor of Education, Södertörns University.

Other current appointments: None

Previous appointments: None

Shareholding in the company: None

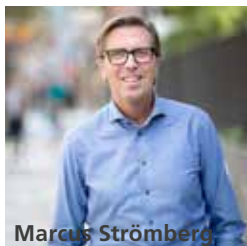
Independent in relation to major shareholders: Yes

Independent in relation to AcadeMedia: No

AUDITORS

The company's auditors are PricewaterhouseCoopers AB with Patrik Adolfson as principal auditor and Eva Medbrant as cosignatory. PricewaterhouseCoopers AB was elected at the 2019 Annual General Meeting for the period up and until the end of the 2020 Annual General Meeting. Patrik Adolfson (born 1973) is an authorised public accountant and member of FAR (professional association for authorised public accountants). Patrik Adolfson has no shareholdings in the company. Eva Medbrant (born 1966) is an authorised public accountant and member of FAR. Eva Medbrant has no shareholdings in the company.

Senior executives



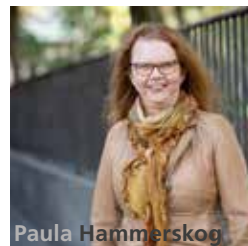
Marcus Strömberg



Katarina Wilson



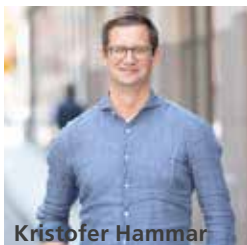
Annette Lilliestierna



Paula Hammerskog



Lise-Lotte Oldmark



Kristofer Hammar



Marit Lambrechts



Veronica Rörsgård



Jens Eriksson



Christer Hammar

MARCUS STRÖMBERG

About: Born 1967. Chief Executive Officer of the Group since 2005.

Education: MSc Engineering Physics and Electrical Engineering, Linköping University.

Other current appointments: Board member of IFOUS innovation, research and development in schools and preschools.

Previous appointments: Board member for Scandinavian Photo, Friskolornas Riksförbund, SIQ, OPG, and numerous assignments within Lernia.

Shareholding in the company: 295 848 shares, 52 500 warrants, and 100 000 synthetic options.

KATARINA WILSON

About: Born 1971. CFO since 2019. Joined AcadeMedia in 2016.

Education: Master of Science, Materials science, the Royal Institute of Technology in Stockholm, MBA from Warwick Business School, UK.

Previous assignments: Head of Group Finance and Business control at AcadeMedia, Director of Group business control at Husqvarna, and various roles within business and finance at Johnson & Johnson and at Electrolux.

Shareholding in the Company: 1 000 shares.

ANNETTE LILLIESTIERNA

About: Born 1966. Director of Communications since December 2018. Before that Competence Development Manager at AcadeMedia Academy.

Education: Degree of Master of Arts in Media and Communication Studies, Stockholm University.

Previous appointments: Director of Communications The National Agency for Education, Senior Adviser and Partner at Gullers Grupp, Head of Public Relation The Swedish Association of Local Authorities and Regions, Head of Public Relation Skövde Municipality.

Shareholding in the company: 0 shares. 26,000 synthetic options.

PAULA HAMMERKOG

About: Born 1962. Head of Safety and Security since December 2018. Head of Communication and Public Affairs from 2012 until 2018.

Education: Journalism degree, Department of Media Studies, Stockholm University.

Previous appointments: Chair of the board of World Imagine AB. PR consultant at GCI and Kreab and interim director of communications at Swedish Property Federation, Stockholm department.

Shareholding in the Company: 12 193 shares, 31 500 warrants and 100 000 synthetic options.

LISE-LOTTE OLDMARK

About: Born 1964. Head of HR since 2014 and Head of AcadeMedia Academy since 2012.

Education: A number of different management training programmes held by the City of Stockholm, tutor training and trained Organisation Consultant, Humanova.

Other current appointments: Board member of Almega Service Employer Association, board member of Friskolornas Riksförbund.

Previous appointments: Numerous management assignments within Pyslingen Förskolor, Pyslingen Skolor and the City of Stockholm.

Shareholding in the Company: 27 200 shares, 31 500 warrants and 100 000 synthetic options.

KRISTOFER HAMMAR

About: Born 1978. Director of Business Development at AcadeMedia since 2017. Worked at AcadeMedia since 2009.

Education: MSc in Business and Economics, Lund University.

Previous appointments: Analyst at Bure Equity, Board member for Textilia AB.

Shareholding in the Company: 22 059 shares, 31 500 warrants and 85 000 synthetic options.

MARIT LAMBRECHTS

About: Born 1957. Head of the business segment Preschool Norway since 2014 when AcadeMedia acquired Espira.

Education: D. Sc., Oslo University.

Other current appointments: Board member of PBL (Norwegian trade association for preschools), Helsetelefonen AS and representative for OsloMet Storbyuniversitetet.

Previous appointments: Board member of Induct Software AS, Norchip AS, YA bank AS, Intempo AS, Plantasjen AS, Virke.

Shareholding in the Company: 40 322 shares held through company.

VERONICA RÖRSGÅRD

About: Born 1974. CEO of Pyslingen förskolor since 2018.

Education: M.Sc. in Business and Economics, Mälardalen University College and Jean Moulin III University, Lyon.

Other current assignments: Board member of Serneke AB

Previous appointments: Executive Vice President HR and IT Skanska, Managing Director Alumni, Board member Aditro.

Shareholding in the company: 0 shares. 40,000 synthetic options.

JENS ERIKSSON

About: Born 1977. Head of Upper Secondary School segment since 2016 and head of Compulsory School Segment since 2019.

Education: MSc in Business and Economics, Stockholm School of Economics.

Previous appointments: COO & CFO Nice Entertainment Group, President & COO MTG. Studios.

Shareholding in the company: 25 713 shares, 20 000 warrants and 80 000 synthetic options.

CHRISTER HAMMAR

About: Born 1969. Head of Adult Education business segment since 2015.

Education: Leadership and business education program IHM.

Other current appointments: Chairman of the board for Almega's association of private education providers. Board member for Almega Service Associations.

Previous appointments: CEO of Manpower A/S and Proffice Care AB, as well as deputy CEO and regional manager of Humana Assistanter.

Shareholding in the Company: 22 360 shares, of which 888 shares via related party. 31 500 warrants and 75 000 synthetic options.



Financial statements



Accounts and notes

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Accounts

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(SEK M)	NOTE	2019/20	2018/19
Net sales	K2, K3, K7	12,271	11,715
		12,271	11,715
Cost of services sold		-993	-997
Other external expenses*	K4, K18	-1,237	-2,517
Personnel expenses	K5, K6, K7	-7,591	-7,272
Depreciation/amortisation	K8	-1,514	-296
Items affecting comparability	K9	36	1
		-11,299	-11,080
OPERATING PROFIT/LOSS	K2	973	635
Financial income	K10	4	3
Financial expenses	K11	-421	-72
		-417	-69
PROFIT/LOSS BEFORE TAX		556	566
Taxes	K12	-125	-136
PROFIT FOR THE YEAR		431	431
OTHER COMPREHENSIVE INCOME:			
<i>Items that will not be reclassified to profit/loss</i>			
Actuarial gains and losses	K6	-18	-133
Deferred tax relating to actuarial gains and losses	K12	4	29
		-14	-104
<i>Items that will be reclassified to profit/loss</i>			
Translation differences		-72	-3
OTHER COMPREHENSIVE INCOME FOR THE YEAR		-86	-106
COMPREHENSIVE INCOME FOR THE YEAR		345	324
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Parent Company		431	431
		431	431
COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Parent Company		345	324
		345	324
Average number of ordinary shares, basic (thousands of shares)		105,279	105,190
Average number of ordinary shares, diluted (thousands of shares)		105,311	105,229
Basic earnings per ordinary share (SEK)	K13	4.09	4.09
Diluted earnings per ordinary share (SEK)	K13	4.09	4.09

* Other external expenses were affected by the adoption of IFRS 16 Leasing, in that rental costs decreased by SEK 1,384 million, depreciation/amortisation increased by SEK 1,175 million and interest expense increased by SEK 360 million. See also Note 31 Effects of adoption of IFRS 16 for information as to how the income statement would look if IFRS 16 had not been adopted.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION | ASSETS

(SEK M)	NOTE	30 JUNE 2020	30 JUNE 2019
NON-CURRENT ASSETS			
INTANGIBLE NON-CURRENT ASSETS			
Goodwill	K14, K15, K16	5,952	5,983
Brands	K15	210	222
Other intangible non-current assets	K15	28	27
		6,191	6,231
PROPERTY, PLANT AND EQUIPMENT			
Buildings	K17, K27	1,001	1,129
Equipment	K17	281	400
Enhancement expenditure, third-party property	K17	432	387
		1,714	1,916
OTHER NON-CURRENT ASSETS			
Right-of-use assets	K18, K31	7,346	–
Non-current receivables		14	14
Deferred tax assets	K12	20	56
		7,380	71
TOTAL NON-CURRENT ASSETS	K2	15,285	8,218
CURRENT ASSETS			
CURRENT RECEIVABLES			
Accounts receivable	K19	215	253
Current tax assets		103	131
Other receivables		163	145
Prepaid expenses and accrued income	K20	224	446
		704	976
CASH AND CASH EQUIVALENTS	K21	528	527
TOTAL CURRENT ASSETS		1,232	1,502
TOTAL ASSETS	K28	16,518	9,720

CONSOLIDATED STATEMENT OF FINANCIAL POSITION | SHAREHOLDERS' EQUITY AND LIABILITIES

(SEK M)	NOTE	30 JUNE 2020	30 JUNE 2019
EQUITY	K23		
Share capital		106	105
Other capital contributions		2,612	2,608
Translation reserves		-50	22
Retained earnings including profit/loss for the year		2,140	1,854
TOTAL EQUITY		4,807	4,589
NON-CURRENT LIABILITIES			
Non-current liabilities to credit institutions	K22, K26, K27	1,890	2,131
Non-current lease liabilities, right-of-use assets	K26, K31	6,346	-
Provision for pensions	K6	60	154
Other provisions	K24	27	10
Deferred tax liability	K12	119	141
Other non-current liabilities	K26	24	74
TOTAL NON-CURRENT LIABILITIES		8,466	2,509
CURRENT LIABILITIES			
Liabilities to credit institutions	K22, K27, K28	270	505
Current lease liabilities, right-of-use assets	K26, K31	1,010	-
Other interest-bearing liabilities	K26, K31	0	86
Accounts payable	K26	293	492
Current tax liability		7	43
Other liabilities	K26	159	183
Accrued expenses and deferred income	K25	1,506	1,310
TOTAL CURRENT LIABILITIES		3,244	2,621
TOTAL EQUITY AND LIABILITIES	K28	16,518	9,720

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(SEK M)	TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY				
	Share capital (Note K23)	Other capital contributed (Note K23)	Translation reserve (Note K23)	Retained earnings (Note K23)	Total equity (Note K23)
OPENING BALANCE, 1 JULY 2018	105	2,604	25	1,528	4,262
Profit for the year	–	–	–	431	430
Other comprehensive income	–	–	-3	-104	-106
Comprehensive income for the year	–	–	-3	327	324
Transactions with owners					
Issue of convertible shares	–	2	–	–	2
Share-matching plan*	–	1	–	–	1
TOTAL TRANSACTIONS WITH OWNERS	–	3	–	–	3
CLOSING BALANCE, 30 JUNE 2019	105	2,608	22	1,855	4,589
Profit for the year	–	–	–	431	431
Other comprehensive income	–	–	-72	-14	-86
Comprehensive income for the year	–	–	-72	417	345
Transactions with owners					
New share issue	0	4	–	–	4
Dividend paid	–	–	–	-132	-132
Share-matching plan*	–	0	–	–	0
TOTAL TRANSACTIONS WITH OWNERS	0	4	–	-132	-127
CLOSING BALANCE, 30 JUNE 2020	106	2,612	-50	2,140	4,807

No non-controlling interests are recognised.

Equity is attributable in entirety to the owners of the Parent Company

*The Group's share matching plan and warrant programme are described in Note K5.

CONSOLIDATED CASH FLOW STATEMENT

(SEK M)	NOTE	2019/20	2018/19
<i>Operating activities</i>			
Operating profit/loss		973	635
Adjustment for non-cash items			
Changes in provisions		-54	-14
Result from sale/disposal of property, plant and equipment		0	0
Depreciation of non-current assets	K8	1,513	296
Tax paid		-120	-132
Cash flow from operating activities before changes in working capital		2,311	785
<i>Cash flow from changes in working capital</i>			
Change in operating receivables		54	-91
Change in operating liabilities		156	-10
CASH FLOW FROM OPERATING ACTIVITIES		2,521	684
<i>Investing activities</i>			
Acquisition of subsidiaries	K14	-51	-34
Investments in properties	K17	-60	-197
Investments in leasehold properties	K17	-134	-174
Investments in equipment	K17	-115	-131
Investment in intangible non-current assets	K15	-17	-22
Sale of property, plant and equipment	K17	-	-
Sale of non-current financial assets		3	-
CASH FLOW FROM INVESTING ACTIVITIES		-375	-559
<i>Financing activities</i>			
Interest received		0	1
Interest paid*		-409	-57
Dividend paid		-132	-
New share issue	K23	4	0
Issue of convertible loans		-	20
Borrowing	K26	79	90
Amortisation of debt	K26	-457	-351
Amortisation of lease liability	K26	-1,215	-
CASH FLOW FROM FINANCING ACTIVITIES		-2,130	-296
Cash flow for the year		16	-172
Cash and cash equivalents at beginning of year		527	699
Exchange-rate differences in cash and cash equivalents		-15	-1
CASH AND CASH EQUIVALENTS AT END OF YEAR	K21	528	527

*Interest payments relating to lease liability total SEK 365 million.

Notes to the Financial Statements with Accounting Policies

K1: General information, accounting and valuation policies

General information

The Company, AcadeMedia AB (publ), corp. reg. no. 556846-0231, is domiciled in Stockholm, Sweden. The head office address is Adolf Fredriks Kyrkogata 2, Box 213, SE-101 24 Stockholm, Sweden. The Company has been listed on Nasdaq Stockholm since 15 June 2016. AcadeMedia is an independent education provider. Operations are divided into four business segments: Preschool, Compulsory School, Upper Secondary School and Adult Education. The segments are described in the Administration Report and in Note K2.

The annual report and consolidated accounts for the financial year ending 30 June 2020, were approved for publication by the Board of Directors and the Chief Executive Officer on 22 October 2020 and will be presented for adoption at the Annual General Meeting on 26 November 2020.

Basis of preparation

Compliance with standards and laws

The consolidated accounts are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The consolidated accounts are also prepared in accordance with Swedish law through application of the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups.

The accounting standards described below have been applied consistently in all periods, with the exception of the changes referred to in the section "Amended accounting policies".

Certain comparative figures have been reclassified to accord with the presentation of the financial statements for the current year.

Principles of valuation applied in preparation of the financial statements

Assets and liabilities are measured at historical cost, other than as regards certain financial assets and liabilities that are measured at fair value. Financial assets and liabilities measured at fair value consist of any conditional purchase consideration, and plan assets within defined-benefit pension plans.

Functional currency and reporting currency

Items included in the financial statements of the various entities in the Group are measured in the currency used in the financial environment where the company concerned has its primary operations (functional currency). In the consolidated accounts, Swedish kronor (SEK) is used, which is the Parent Company's functional currency and the Group's reporting currency.

Classification of assets and liabilities

Non-current assets consist essentially of assets that are expected to be recovered or paid for more than twelve months after the balance sheet date. Current assets consist of amounts that are expected to be recovered or paid within twelve months of the balance sheet date. Non-current liabilities are amounts to which the Group has an unconditional right to pay more than twelve months after the balance sheet date. If the Company does not have such a right, the liability amount is recognised as a current liability.

New and amended accounting policies

The following standards were applied for the first time by the Group with regard to the financial year beginning on 1 July 2019.

- IFRS 16 Leases:
- Annual Improvements to IFRS Standards 2015-2017 cycle
- Plan Amendment, Curtailment and Settlement (Amendments to IAS 19)

Adoption of IFRS 16 has a major impact on the accounting at AcadeMedia, whereas other amendments do not have any material impact.

New accounting standard IFRS 16, applied as of 1 July 2019

AcadeMedia applies IFRS 16 Leases, which replaces IAS 17 Leases as of 1 July 2019. As a result, the Group has amended its accounting policies regarding leases. The Group has elected to use the modified retrospective approach to the transition, in which for example comparative figures for 2018/19 have not been restated in accordance with IFRS 16.

The new standard has had a considerable impact on the consolidated financial statements for the financial year, and at the transition to IFRS 16, AcadeMedia recognised right-of-use assets of SEK 7,026 million and lease liabilities of SEK 7,026 million, which were previously not recognised on the balance sheet. For further information regarding the effects of the transition, see Note K31 Transition to IFRS 16 and Note 36 in the 2018/19 annual report.

New standards and interpretation not yet adopted

A number of new or amended IFRS will not enter into force until the upcoming financial year or later, and have not been adopted early in the preparation of these financial statements. These new standards and interpretations are not expected to have any material impact on the consolidated financial statements.

Principles of consolidation

The consolidated accounts cover the Parent Company AcadeMedia AB and its subsidiaries. The financial statements for the Parent Company and subsidiaries that are included in the consolidated accounts refer to the same period and are prepared according to the same accounting policies.

Subsidiaries

Subsidiaries are all companies where the Group has a controlling interest. The Group has a controlling interest in a company when the Group is exposed to or has the right to a variable return on its holding in the company, and has the ability to influence the return through its control over the company. Subsidiaries are included in the consolidated accounts as of the date the controlling interest is transferred to the Group and are consolidated until the date the controlling interest ceases. AcadeMedia has a 100% holding in all of its subsidiaries.

Translation of foreign currencies

Foreign currency transactions

Foreign currency transactions are translated to the functional currency at the exchange rate in effect on the transaction date. On the balance sheet date, monetary receivables and liabilities expressed in foreign currencies are translated at the exchange rate in effect on the balance sheet date. All exchange rate differences are recognised in the income statement. Exchange rate differences from operating items are recognised in operating profit/loss as other operating income or other operating expenses, while exchange rate differences relating to financial assets and liabilities are recognised as financial income or financial expense.

Financial statements of foreign operations

Assets and liabilities of foreign operations are translated to SEK at the rate on the balance sheet date, while income and expense items are translated at an average rate for the year. All exchange rate differences arising in translation are recognised in other comprehensive income and aggregated in the translation reserve in equity. At divestment of a net investment in a foreign operation, the translation differences pertaining to the net investment are recognised through profit or loss.

Intangible non-current assets

Goodwill

Goodwill arising through business combinations is recognised under the heading of non-current assets. Goodwill is allocated to the cash-generating units that are expected to benefit from the business combination where the goodwill item arose.

Goodwill is not amortised but is tested annually, or more often if there is any indication of impairment, in order to identify any impairment loss. An impairment loss is recognised if the carrying amount exceeds the recoverable amount. Any impairment loss is recognised immediately as an expense in the income statement and is not reversed.

Brands

At acquisitions of subsidiaries, brands are recognised as an intangible asset with a limited or indefinite useful life. Market awareness of the brand is the primary factor taken into account in determining whether or not the brand has an indefinite useful life. Brands with an indeterminable useful life are tested annually, or if there is an indication of impairment, to identify any impairment, and are carried at cost less accumulated impairment losses. Brands with a limited useful life are carried at cost less accumulated amortisation and accumulated impairment losses.

	NUMBER OF YEARS
Brands, for which a useful life can be determined	5-20 years

Other intangible non-current assets

Other intangible assets consist of separately acquired intangible assets and IT systems and are carried at cost less amortisation and any impairment losses. Amortisation is applied on a straight-line basis over the estimated useful life of the asset. The useful life period is reviewed on every closing date and is adjusted as needed. When the amortisable amount of the assets is established, their residual value is, where applicable, taken into account. The following useful life periods are applied:

	NUMBER OF YEARS
Other intangible assets	3-5 years

Property, plant and equipment

Property, plant and equipment are recognised at cost less depreciation and any impairment losses. Cost includes expenses that are directly attributable to acquisition of the asset.

Further expenditures are added to the asset's carrying amount or are recognised as a separate asset only when it is likely that future economic benefits associated with the asset will accrue to the Group and the asset's cost can be reliably measured. If the additional expenditure refers to replacement of a component, the carrying amount for the component replaced is removed from the balance sheet and is expensed. All other forms of repair and maintenance are recognised as an expense in the income statement during the periods in which they arise.

Property, plant and equipment are removed from the balance sheet when divested or when they cannot be expected to add any economic benefit in the future. Profit and loss are calculated as the difference between the sale amount and the carrying amount of the asset. Profit or loss is recognised in the income statement in the accounting period in which the asset was divested, as Other expenses or Other income.

Property, plant and equipment are depreciated systematically over the estimated useful life of the asset. The useful life period is reviewed on every closing date and is adjusted as needed. When the amortisable amount of the assets is established, their residual value is, where applicable, taken into account. The straight-line depreciation method is used for all types of asset and is based on the useful life periods shown below:

	NUMBER OF YEARS
Buildings	25-30 years
Equipment	3-10 years
Enhancement expenditure, third-party property	3-20 years

Impairment

Goodwill and other intangible assets with an indeterminable useful life are tested annually for impairment or if there is any indication of loss of value. Property, plant and equipment and intangible non-current assets with a determinable useful life are tested when there is an indication that an asset has declined in value. The impairment test is performed by calculating the asset's recoverable amount. If the estimated recoverable amount is less than the carrying amount, the asset is written down to its recoverable amount. The

recoverable amount is net realisable value or the asset's value in use in operations, whichever is the higher. A judgement is made regarding the recoverable amount per cash-generating unit.

Previously recognised impairment losses are reversed if the recoverable amount is considered to exceed the carrying amount. The reversal amount is, however, not greater than the carrying amount would have been if an impairment had not been recognised in earlier periods. Any impairment of goodwill is not reversed.

Financial instruments

Accounts receivable and debt instruments issued are recognised when issued. Other financial assets and liabilities are recognised in the balance sheet when the Group becomes party to the contractual conditions of the instrument. A financial asset is removed from the balance sheet when the right to receive cash flows from the instrument has expired or has been transferred. Financial liabilities are removed from the balance sheet when the obligations have been discharged, cancelled or have otherwise ceased.

Financial assets and liabilities are measured initially at fair value plus transaction costs directly attributable to the acquisition. Transaction costs attributable to financial assets and liabilities that are recognised at fair value via the income statement are expensed directly in the income statement.

Financial assets

At initial recognition, financial assets and liabilities are classified as those that are recognised at fair value (either via other comprehensive income or via the income statement) and those that are recognised at amortised cost. Classification is made in line with the Group's business model for management of financial assets and the contractual conditions for the cash flows. The business model applied above all by AcadeMedia is "hold to collect", in which financial assets are held in order to collect contractual cash flows. These cash flows consist solely of payment of nominal principal and interest (SPPI). AcadeMedia's financial assets are thus recognised essentially at amortised cost.

AcadeMedia uses the forward-looking expected credit loss model to measure expected credit losses. In accordance with the rules of IFRS 9, the Group applies a simplified method for impairment testing of accounts receivable. In this method, the provision for expected credit losses is calculated on the basis of the risk of losses over the entire term of the receivable and is recognised when the receivable is initially recognised. For more information, see Note K25.

Financial liabilities measured at amortised cost

Assets in this category are measured at amortised cost by application of the effective interest approach. The major share of the Group's current assets are measured at amortised cost, including accounts receivable, cash/cash equivalents and other receivables, which are financial assets that are not derivatives and that have payment flows that are fixed or can be determined in advance. They are created when the Group provides money to a counterparty, or goods or services to a customer, that are not held for trading.

Financial assets measured at fair value via the income statement

Assets in this category are measured at fair value. Changes in fair value are recognised in the income statement when they arise. Transaction costs are expensed directly in the income statement.

Financial assets measured at fair value via other comprehensive income

AcadeMedia does not at present have any financial assets in this category.

Financial liabilities

Financial liabilities are classified as being measured at amortised cost or fair value via profit or loss. A financial liability is classified at fair value via profit or loss if it is classified as a derivative or has been identified as such at initial recognition.

Financial liabilities measured at amortised cost

Liabilities in this category are measured at amortised cost, net of transaction costs, using the effective interest approach. This category includes items such as accounts payable, loan liabilities and other liabilities that do not fall within the category of financial liabilities measured at fair value via the income statement.

Financial liabilities measured at fair value via the income statement

Liabilities in this category are measured at fair value. For AcadeMedia this category includes contingent purchase considerations. Measurement is performed on an ongoing basis at fair value with changes in value being recognised in the

income statement. Re-measurement of a contingent purchase consideration is recognised in operating profit/loss under Other external expenses.

Offsetting

Financial assets and liabilities are offset and recognised net only if the Group has a legal right and an intention to offset the recognised items with a new amount.

Convertible bonds

Convertible bonds that give the holder an option to convert the debt into shares are recognised as a hybrid financial instrument made up of a debt component and an equity component. The fair value of the bond at the time of issue is calculated by discounting payment flows by the coupon interest rate for a similar debt instrument without any right of conversion into shares. The amount is recognised as a financial liability at amortised cost until the bond is converted or settled. The conversion right is recognised net of tax in equity as the difference between the proceeds of the issue and the fair value of the financial liability at the time of issue. Transaction costs in connection with the issue of convertible bonds are recognised pro rata on the basis of how the issue proceeds are distributed.

Provisions

Provisions differ from other liabilities in that there is uncertainty in the timing or amount of the expenditure required to settle the obligation. Provisions are recognised when the Group has a legal or constructive obligation resulting from past events and when it is likely that a payment will be required to discharge the obligation and the amount can be reliably measured. Provisions are measured at the present value of the amount expected to be required to discharge the obligation. Provisions relating to restructuring of the organisation are recognised on closure of units and at staff redundancies, and are recognised when a restructuring plan is in place and the entity has either started to implement the plan or has announced it after calculation of the costs. No provisions are made for future operating losses.

Contingent liabilities

Disclosure of any contingent liability is made where there is a possible obligation arising from past events, the existence of which is confirmed by one or more uncertain future events beyond the Group's control, or where there is an obligation that is not recognised as a liability or a provision because it is not likely that an outflow of resources will be required or cannot be calculated with sufficient reliability.

Remuneration to employees

Short-term remuneration to employees

Salaries, social security contributions, bonuses and other short-term remuneration to employees are recognised as an expense when the employee has performed the service.

Pensions

The Group's pension plans consist partly of defined-benefit plans with a contractual promise regarding future pension levels related primarily to the final salary, and partly of defined-contribution plans for which insurance premiums are paid and the employee carries the risk associated with the future pension level.

A defined-contribution pension plan is a pension plan under which the Group pays fixed contributions to a separate legal entity. For defined-contribution pension plans, the Group pays contributions to publicly or privately managed pension insurance plans on a compulsory, contractual or voluntary basis. The contributions are normally based on the salary level. The Group does not have any further payment obligations once the contributions have been paid. The Group's obligations regarding defined-contribution plans are recognised as a personnel expense in the income statement as and when they are earned by the employee performing his/her work tasks for the Company.

A defined-benefit pension plan is a pension plan with no defined contribution. The defined-benefit plans consist largely of plans that provide a benefit based on final salary and length of service. Calculations are made for defined-benefit plans based on the Projected Unit Credit Method, for the purpose of establishing the present value of obligations relating to benefits for current and former employees. These calculations are made annually and are based on actuarial assumptions that are established annually at the end of the accounting period. Assumptions are made regarding inflation, changes in social security charges,

staff turnover, discount rates and estimated life expectancy. The present value of defined-benefit obligations is established by discounting the estimated future cash flows using the interest rate for top investment grade corporate bonds issued in the same currency as the one in which the compensation will be paid, with maturities comparable to that of the current pension obligation.

Pension expenses relating to service during the current period are recognised as personnel expenses in the income statement. Costs relating to service in previous periods are also recognised directly in the income statement as personnel expenses. Net interest is calculated applying the discount rate to the defined-benefit pension liability and to the fair value of plan assets, and this expense is included in personnel expenses in the income statement. In the event of any change or adjustment to a defined-benefit pension plan, the effect of the adjustment is recognised as a "curtailment gain" in profit/loss for the year.

The Group's net obligation consists of the estimated present value of the pension obligations, less the fair value of the plan assets. Changes in the present value of the net obligations resulting from changed actuarial assumptions and experience-based adjustments are treated as re-measurement effects and recognised in other comprehensive income.

In the defined-benefit pension plans for the Norwegian companies, the employees make contributions to the plans according to set terms. The contribution consists of a fixed percentage of the employee's salary and is unrelated to the number of years of service. Employee contributions are recognised as a reduction in the cost of service for the period in which the services are performed.

The defined-benefit pension obligations of the Swedish companies under the ITP2 plan are secured via Alecta pension insurance. This plan is a defined-benefit plan covering several employers. The plan is accounted for as a defined-contribution pension plan, since Alecta cannot provide sufficient information on the Group's proportional share of the plan's obligations, plan assets and expenses to be able to account for the plan as a defined-benefit pension plan.

Severance pay

Any cost of compensation in connection with termination of employment is recognised at either (i) when the Company is no longer able to withdraw the offer to the employees, or (ii) when the Company recognises costs of restructuring, whichever is the earlier.

Share-based remuneration

AcadeMedia operates three long-term incentive programmes: a share-matching plan, a warrant programme and a convertible loan programme.

Share-based payments in the Company relate to the share-matching plan settled via equity instruments and accounted for in accordance with IFRS 2. The fair value of the allocated share-matching plan is estimated at the grant date using an accepted valuation model, known as the Monte Carlo simulation model, which takes market-related conditions into account. The total amount to be expensed is based on the fair value of the shares allocated. The total amount is recognised as a personnel expense in the income statement over the vesting period, with a corresponding adjustment to equity. Social security contributions are based on the value of the matching shares on the closing date, where this valuation is based on the same model as the initial valuation. Social security contributions attributable to share-based instruments to employees as compensation for services rendered are expensed over the periods in which the services are performed. The cost is calculated by applying the same valuation model used when the options were issued. The provision for social security contributions that is made is re-measured at each reporting date, based on the share price on the closing date.

Leases

Policies applied as of 1 July 2019

AcadeMedia leases properties, offices, equipment and vehicles. As of 1 July 2019, leases are accounted for as right-of-use assets and lease liability on the day on which the leased asset is available for the Group's use. Right-of-use assets are measured initially at cost, which consists of the initial amount of the lease liability, plus lease fees paid on or before the date of commencement, and any initial direct expenses. The right-of-use asset is depreciated on a straight-line basis from the date of commencement until either the end of the right-of-use period of the asset or the end of the lease term, whichever is the earlier.

The lease liability is measured initially at the present value of remaining lease fees over the estimated lease term. The lease term comprises the non-terminable period plus further periods in which it is reasonably certain that options to extend will be exercised. Lease liabilities include the present value of the following lease payments:

- Fixed fees after deduction of any benefits associated with signing of the lease.
- Variable lease fees linked to indexes or prices, initially measured on the basis of indexes or prices at the date of commencement.

With regard to the Group's leases on properties, the lease fees are discounted by the asset's implicit interest rate. Other leases and their associated lease fees are normally discounted by the Group's marginal borrowing interest rate.

Right-of-use assets relating to rent of properties/premises are recognised on a separate line on the balance sheet, Right-of-use assets, while leased equipment is recognised as Property, plant and equipment, with further details provided in a note.

In the case of leases with a term of twelve months or less, and leases where the value of the underlying asset is less than SEK 50,000, no right-of-use asset or lease liability is recognised. The lease fees for such leases are recognised as an expense on a straight-line basis over the term of the lease.

Policies applied until 30 June 2019

Finance leases, i.e. leases where the Group in all material respects assumes all risks and benefits associated with ownership of the leased object, were initially recognised in the Statement of financial position at the fair value of the leased property or, if the value was lower, at the present value of future minimum lease payments. Corresponding payment obligations were recognised as non-current and current interest-bearing liabilities. Lease payments were made up of interest and repayment of principal. Assets under finance leases were depreciated over the anticipated useful life of the asset.

Leases where all of the risks and benefits associated with ownership are retained by the lessor were classified as operating leases. Lease fees paid were expensed on a straight-line basis in the income statement over the lease term. Any incentives received upon signing of the lease are taken into account initially.

Revenue

The Group's revenue derives above all from education services of various types, as described below.

Education-related income

AcadeMedia's net sales consist of education-related revenue from school voucher funding, socio-economic compensation and participant fees. Revenue is recognised excluding VAT and net after any discounts. Tuition fees are recognised as revenue and allocated in line with the degree of completion over the period during which the instruction is provided, including time for planning and grading of student learning. Revenue in preschool operations is recognised on the basis of the same fundamental principle.

Revenue in the adult education operation is based on the same fundamental principles, but also takes into account the empirical estimates of the number of participants not completing the programme started, as well as estimates of compensation received based on the number of participants completing the programme, when the revenue is conditional on completion of the service. Revenue for services sold is recognised on delivery to the student.

Other income refers to income not directly related to education, such as rental income and resale of computers. Revenue from these services is recognised at fair value based on the proportion of the total agreed service that has been delivered during the financial year when the customer receives and uses the services at the same point in time. Income from sale of goods is recognised when an item is sold to the customer.

State subsidies

State subsidies include State subsidies for the primary school initiative, smaller classes, skills development and before- and after-school care initiatives. State subsidies are recognised at fair value when there is reasonable certainty that they will be received and that AcadeMedia will meet the conditions attached to the subsidy. Subsidies received to cover costs are recognised as an expense reduction for the relevant expense item, for example teacher salary premiums, head teacher premiums and other salary subsidies. Other subsidies are

recognised as revenue. State subsidies received to finance an investment are deducted from the cost of the investment.

Financial income

Interest income is recognised using the effective interest method.

Dividends

Dividend received is recognised as revenue when the right to receive dividend is confirmed.

Cost of services sold

The cost of services sold relates mainly to expenses for school meals (ingredients and catering), educational materials and the cost of other consumables.

Items affecting comparability

Items affecting comparability consist of non-recurring income and expenses and are recognised on a separate line. Items affecting comparability consist, for example, of any capital gain from sale of property, major property damage not covered by commercial insurance, consulting costs related to major acquisitions, adjustment of pension plans having major impact on earnings, severance payments to senior executives, major integration costs resulting from acquisitions and reorganisation costs, as well as costs following from strategic decisions and major restructuring leading to closure of units. Retroactive revenue from earlier years is also classified as affecting comparability. The purpose of this reporting method is to obtain a clearer picture of developments in the underlying business. Income and expenses recognised on this line are specified and commented on in Note 10.

Taxes

Income tax

Tax expense for the period consists of current tax and deferred tax. Tax is recognised in the income statement, except where the tax relates to an item that is recognised in Other comprehensive income or directly in equity. In such cases, the tax is also recognised in Other comprehensive income or in Equity.

Current tax is tax to be paid or received in the current year as well as adjustments to previous years' current tax. The tax rates and laws applied in calculating the amount are those enacted, or in practice enacted, as of the balance sheet date.

Deferred tax

Deferred tax is calculated using the balance sheet method for temporary differences between the taxable amounts and carrying amounts for assets and liabilities. Deferred tax assets are recognised for deductible temporary differences and loss carry-forwards to the extent that it is likely that they will be utilised. The value of deferred tax assets is determined on every balance sheet date and adjusted to the extent it is no longer likely that a sufficient taxable profit will be generated to enable all or part of the deferred tax asset to be utilised. Deferred tax assets and tax liabilities are calculated on the basis of the tax rates in effect for the period in which the asset is realised or the liability paid, based on tax rates and legislation that have been enacted, or in practice enacted, by the balance sheet date.

Recognition of cash flows

The Statement of cash flows is prepared in accordance with the indirect method.

Cash and cash equivalents consist of available cash and bank balances.

Business segments

Reportable segments are identified on the basis of how the business is governed and followed up in the internal reporting to the highest executive decision-maker, which in AcadeMedia's case is the Chief Executive Officer. Effective 1 July 2019, AcadeMedia revised its segment classification, as a direct consequence of changes to the system of internal control and follow-up. In this report, the Group comprises the four segments of Preschool, Compulsory School, Upper Secondary School and Adult Education. Comparable numbers have been restated.

The companies and schools in their respective segments are deemed by the Company to form a collective business segment with similar long-term financial results in accordance with the basic principles in IFRS 8. This is based on the following judgements:

- Same type of services.
- The services are produced via similar production processes.
- The services are aimed at the same type of target group.
- The services are sold and distributed in a similar way.

The Group's business segments apply the same accounting policies as the Group, other than in the case of recognition of leasing. The segments continue to recognise rental costs as an external expense and thus adaptation to IFRS 16 is shown under the heading of Other. See Note K2 for further information on the business segments.

Key estimates and judgements

In order to prepare financial statements in accordance with IFRS, Group management makes judgements, estimates and assumptions that are considered reasonable in the conditions that prevail. These assumptions and estimates are mostly founded on past experience, but also other factors, such as anticipated future events. With other judgements, assumptions and estimates, actual results may be different and actual outcomes may deviate from the estimates made. Judgements, assumptions and estimates are reviewed on a regular basis and changes are reported in the period the change is made if the change only affects this period, or in the period the change is made and future periods if the change affects both the period in question and future periods.

A description follows of the most important areas where judgements and assumptions have been made and that are regarded as likely to have to greatest impact on the Group's financial statements, and where any changes in assumptions and estimates made may result in material adjustments to the financial statements of the following financial year.

Impairment testing of goodwill and brands

AcadeMedia performs testing annually, or where indicated, to identify any impairment regarding goodwill or brands, in accordance with the accounting policies described above in this Note. For these calculations, certain assumptions and estimates must be made regarding future revenue, costs, margin, capital employed and return on capital requirements. The business is also affected by the regulations in force in the country concerned as applying to the business, and the levels of remuneration that are paid. In all countries where AcadeMedia operates, there is a debate on independent schools and whether this form of organisation should be allowed. In Sweden, our view is that the risk of a political intervention is considerably lower since the four-party agreement came into being in January 2019. In Norway, the debate hardened in 2018 and 2019 and regulations were tightened, for example with regard to staffing and educational standards. In the financial year and for one more year to come, this will have an adverse effect on earnings over the two-year period until Norway's school voucher funding matches the new, higher level of costs. In impairment testing for the year, the current regulations have been applied.

With the adoption of IFRS 16 in 2019, AcadeMedia recognised substantial asset values relating to long-term leases. Judgements other than those made by the Company may lead to a totally different result and financial position, and an impairment loss may arise. See also, Note K17 Impairment testing. Testing does not indicate any need for an impairment write-down, but it does show that the margin to a possible goodwill impairment relating to Preschool Sweden is considerably narrower than in previous years.

Rights-of-use

An impairment of a right-of-use asset is recognised when the Group has established that the economic benefits expected from a contract are lower than the carrying amount for the right-of-use asset. When profit generation in a unit is not sufficient to cover the rent payments, an impairment write-down is applied to the right-of-use asset.

Provision for restructuring/closure of school units

Provision for restructuring costs is recognised when a decision is taken by management and communicated to the interested parties, and when a reliable estimate of the cost of closure can be made. The judgements made regarding future net costs thus take into account student numbers, leases and staffing. The judgement cost is most sensitive to the student number assumption, but experience shows that the estimates have been reliable.

Provisions for loss-making contracts and contract termination costs

AcadeMedia's adult education activities consist partly of project-type activities via binding agreements that require the provision of educational places without any corresponding requirement for the client to supply participants. AcadeMedia's experience is that in the final phase of such contracts, the volumes are lower while costs do not decrease at the same rate. In order to recognise income and expense as accrued in pace with performance undertakings during

the contract term, a percentage cost provision for contract termination is recognised on an ongoing basis. This provision shall at the end of the contract cover termination costs and is established on the basis of a judgement regarding future net costs, comprising number of participants, lease costs and staffing. The judgement affecting the need for termination cost is the assumption regarding participant numbers. Where the assumption is not fulfilled, lesser or additional termination cost provisions may be required.

Amortisation period regarding investments in leasehold properties

AcadeMedia has a large number of leases with terms of 2-25 years, many including options for extension. In some cases, investments are made in the leased property. Normally, AcadeMedia amortises its investment over the term of the lease, since exercise of the option to extend requires a new decision.

In a number of properties in exceptional locations, or where investments have been made, the economic life of the investment in the leased property is considered to be longer than the lease term including extension clauses, since the judgement is that the leased property will continue to be leased subsequently on the basis of an underlying judgement that it is economically rational. In addition, a right of occupancy accrues to such leased premises. The carrying amount for these investments at the end of the lease term, including extension clauses, is SEK 78 million. If a lease is not extended, the remaining carrying amount will need to be tested for impairment.

Provision for pension liability (defined-benefit pensions)

AcadeMedia has a number of defined-benefit pension plans. The present value of pension obligations is determined by assumptions that are established on an actuarial basis. Significant assumptions include the discount rate, wage increases and pension uprating. If these assumptions change, this will affect the carrying amount of the pension obligations. Further information on items such as sensitivity analysis for changes in significant assumptions is provided in Note K6.

Provision for disputes

In cases where AcadeMedia has disputes with financial consequences, an estimate is made of the extent of the financial risk to AcadeMedia. In cases where the actual outcome differs, such cases may result in financial consequences in accounting for the AcadeMedia Group.

Assessment of revenue recognition

AcadeMedia recognises school voucher funding as accrued over the period in which the teaching takes place, including time for planning and grading of student learning. At revenue recognition, certain judgements are made as to the right to receive revenue when such is determined by future performance. For a more detailed description of these judgements, see the section on revenue recognition in Accounting Policies.

Assumptions for calculation of lease liability

Adoption of IFRS 16 Leases has material impact on AcadeMedia's financial statements. In calculating the lease liability, management has made a number of estimates, assumptions and assessments that, if made otherwise, would have affected the amount of the lease liability. In calculating the lease liability, the lease assumptions have been discounted by the implicit interest rate. A different discount interest rate would affect the amount of the liability and right-of-use assets, as well as interest expenses and depreciation/amortisation. The leases normally incorporate options for extension. As the exercise of options for extension require new investment decisions, options for extension are only included when a decision to continue operations is taken and when it is reasonably certain that the lease will be extended. For further information, see Note K18, K26 and K31 for further information regarding IFRS 16 Leases.

Effect of covid-19

The financial effects following covid-19 were limited for AcadeMedia during the financial year. Though in Germany we had a negative effect as parental fees partly were not invoiced when the preschools were closed.

A worsened financial situation for the municipalities, following the corona pandemic, will likely lead to a situation where a number of municipalities will have to increase taxes and review costs, which could lead to lower increases for the school vouchers.

A limited part of revenue relates to parental fees which could be negatively influenced from a general economic downturn. See also the section Risk and risk management.

K2: Segment reporting

On 1 July 2019, AcadeMedia adopted a new segment classification as a direct consequence of changes to the internal organizational structure and follow-up. After the reorganisation, all independent preschools in Sweden, Germany and Norway were merged into one new segment. In addition, AcadeMedia's compulsory schools are reported as a new segment in the Group's segment reporting. The Upper Secondary School Segment and the Adult Education

Segment were not affected by the reorganisation. Comparable numbers have been restated.

The Group's business segments apply the same accounting policies as the Group, except for leasing contracts. The segments thus continue to recognise rental costs as an external expense and thus adaptation to IFRS 16 is shown under the heading of Other.

INCOME PER SEGMENT

2019/20 (SEK m.)	Preschool	Compulsory School	Upper Secondary School	Adult Education	Other	Elimination	Total
Education-related income	3,682	2,928	4,081	1,570	-4	-317	11,939
State subsidies	15	107	52	3	0	-	176
Other income	203	135	408	120	41	-751	157
Total	3,899	3,169	4,541	1,693	37	-1,068	12,271

2018/19 (SEK m.)	Preschool	Compulsory School	Upper Secondary School	Adult Education	Other	Elimination	Total
Education-related income	3,669	2,783	3,798	1,492	-	-346	11,397
State subsidies	10	98	44	1	-	-	154
Other income	236	129	323	121	32	-677	165
Total	3,916	3,011	4,166	1,615	32	-1,023	11,715

The Group's operations are organised into four segments: Preschool, Compulsory School, Upper Secondary School and Adult Education.

Preschools are operated in Sweden, Norway and Germany. In Sweden, preschool operations are conducted in a large number of municipalities with a total of 109 (118) units under the brand Pyslingen Förskolor. In Norway the brand is Espira and in Germany the brands are Joki, Stepke, KTS and Espira. Espira is Norway's third largest preschool provider with 104 (100) units and a clear proficiency-led concept. In Germany preschools are operated at 47 (36) units. Operations in Sweden are based entirely on the school voucher system. In Norway, the business is based on a publicly funded school voucher system similar to the Swedish system, while in Germany the operation has a higher percentage of parental fees.

The Compulsory School segment operates compulsory schools in a large number of municipalities in Sweden under the brands Pyslingen Skolor, Vittra and Pops academy. Operations are based entirely on the school voucher system.

AcadeMedia's Upper Secondary School segment provides upper secondary education throughout Sweden under 14 different brands, offering both

university preparatory and vocational programmes. The segment's brands include Praktiska, Drottning Blanka, NTI, LBS, ProCivitas and Rytmus. Operations are based entirely on the school voucher system.

AcadeMedia's Adult Education segment is Sweden's biggest provider of adult education services. Operations are divided into three business areas: municipal adult education, higher vocational education and labour market services. The units are operated under thirteen brands, including Eductus, Hermod's and NTI-skolan. The reimbursement model, which varies among the business areas, is based on public funding, mainly from municipalities, the National Agency for Higher Vocational Education and the Swedish Public Employment Agency.

The segments are responsible for the ongoing financial results up to and including operating profit. Responsibility for operating assets and financing, including cash and cash equivalents, rests at the Group level. This means that cash and cash equivalents and interest-bearing assets and liabilities are not allocated out to the segments. Consequently, it is not possible to allocate net financial items and tax per segment either.

YEAR 2019/20 (SEK M.)	Preschool	Compulsory School	Upper Secondary School	Adult Education	Other	Total	Elimination	Group
Sales revenue, total	3,899	3,169	4,541	1,693	37	13,339	-1,068	12,271
Net sales, internal	193	164	542	136	33	1,068	-1,068	-
Net sales, external	3,707	3,005	3,999	1,557	4	12,271	-	12,271
EBITDA before items affecting comparability	310	242	530	146	1,222	2,450	-	2,450
Depreciation/amortisation	-83	-66	-165	-15	-1,184	-1,513	-	-1,513
Operating profit/loss (EBIT) before items affecting comparability	174	176	354	131	103	937	-	937
Items affecting comparability	53	-	11	-	-28	36	-	36
Operating profit/loss (EBIT)	226	176	365	131	74	973	-	973
Net financial items	-	-	-	-	-417	-417	-	-417
Profit/loss after financial items (EBT)	-	-	-	-	556	556	-	556
Tax on profit for the year	-	-	-	-	-125	-125	-	-125
PROFIT FOR THE YEAR	-	-	-	-	431	431	-	431

Total number of students*	20,854	25,179	36,400	**	-	82,433	-	82,433
Number of children, preschools*	20,854	2,983	-	-	-	23,837	-	23,837
Number of students, compulsory schools*	-	22,196	-	-	-	22,196	-	22,196
Number of students, upper secondary schools*	-	-	36,400	-	-	36,400	-	36,400
Number of employees*	4,788	3,083	3,292	1,331	192	12,686	-	12,686
Number of units*	259	109	143	-	-	511	-	511

YEAR 2018/19 (SEK M.)	Preschool	Compulsory School	Upper Secondary School	Adult Education	Other	Total	Elimination	Group
Sales revenue, total	3,916	3,011	4,166	1,615	32	12,739	-1,023	11,715
Net sales, internal	297	154	408	137	28	1,023	-1,023	-
Net sales, external	3,619	2,857	3,757	1,478	4	11,715	-	11,715
EBITDA before items affecting comparability	262	203	486	47	-71	930	-	930
Depreciation/amortisation	-73	-61	-142	-15	-5	-296	-	-296
Operating profit/loss (EBIT) before items affecting comparability	189	145	344	32	-76	634	-	634
Items affecting comparability	0	-4	20	-15	0	1	-	1
Operating profit/loss (EBIT)	189	141	364	17	-76	635	-	635
Net financial items	-	-	-	-	-69	-69	-	-69
Profit/loss after financial items (EBT)	-	-	-	-	566	566	-	566
Tax on profit for the year	-	-	-	-	-136	-136	-	-136
PROFIT FOR THE YEAR	-	-	-	-	431	431	-	431
Total number of students*	20,576	24,265	34,653	**	-	79,493	-	79,493
Number of children, preschools*	20,576	2,913	-	-	-	23,488	-	23,488
Number of students, compulsory schools*	-	21,352	-	-	-	21,352	-	21,352
Number of students, upper secondary schools*	-	-	34,653	-	-	34,653	-	34,653
Number of employees*	4,930	2,742	3,123	1,453	158	12,405	-	12,405
Number of units*	254	110	143	-	-	507	-	507

* Average per year

** The volume of Adult Education is not based on the number of participants, as the length of the programmes varies from individual occasions to school years.

Geographic information

REVENUE FROM EXTERNAL CUSTOMERS (BASED ON DOMICILE)

	2019/20	2018/19
Sweden	9,806	9,387
Norway	1,935	1,922
Germany	530	406
SUM TOTAL	12,271	11,715

The Group has generated revenue from one customer totalling SEK 1,594 million (1,382), representing around 13 percent (12) of the Group's total revenue for 2019/20. The breakdown by segment for this customer is as follows: Preschool SEK 588 million (568), Compulsory School SEK 334 million (254), Upper Secondary School SEK 466 million (368) and Adult Education SEK 206 million (192).

NON-CURRENT ASSETS BY COUNTRY

	Right-of-use assets		Other non-current assets		Total	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
Sweden	5,890	-	5,776	5,796	11,667	5,796
Norway	1,043	-	1,788	2,026	2,832	2,026
Germany	413	-	340	325	753	325
SUM TOTAL	7,347	-	7,904	8,147	15,251	8,147

Non-current assets do not include financial instruments, deferred tax assets and pension assets.

K3: Revenue from contracts with customers

AcadeMedia's revenue consists of:

- Education-related income consists of school voucher funding, or equivalent, in preschools, compulsory schools, upper secondary schools and participant fees in adult education.
- State subsidies include State subsidies for the primary school initiative, smaller classes, skills development and before- and after-school care initiatives. For more information on State subsidies, see Note K8.
- Other income refers to income not directly related to education, such as rental income and resale of computers.

BREAKDOWN OF REVENUE PER CUSTOMER CATEGORY | TIMING OF REVENUE RECOGNITION

	2019/20		
	Over time	At a point in time	TOTAL
Education-related income	–	11,939	11,939
State subsidies	–	176	176
Other income	–	157	157
Total	–	12,271	12,271
	2018/19		
	Over time	At a point in time	TOTAL
Education-related income	–	11,397	11,397
State subsidies	–	154	154
Other income	–	165	165
Total	–	11,715	11,715

Income of around SEK 1,594 million (1,382) is attributable to a single customer. The domicile of the customer is in Sweden. Total income from external customers per country, based on where the customers are located, is shown in Note K2 Segment accounting.

INCOME-RELATED CONTRACT ASSETS AND CONTRACT LIABILITIES

SEK m.	30 June 2020	30 June 2019
Contract receivables		
Accounts receivable (Note K19)	215	253
Accrued income (Note K20)	105	99
Total contract receivables	320	352
Contract liabilities		
Deferred income (Note K25)	243	155
Total contract liabilities	243	155

The majority of contract liabilities on 30 June 2020 is expected to be recognised as revenue in 2020/21.

Recognised revenue in 2019/20 for performance undertakings fulfilled in previous years is insignificant in view of the nature of the services, and consist primarily of conditional payments. Retroactive revenue relating to earlier periods in 2019/20 totalled SEK 22 million (57), of which SEK 11 million (45) is recognised under the heading Items affecting comparability.

The major share of this amount originates from municipalities and central government in Sweden and the equivalent in other countries. The major share of this revenue is paid under fixed payment plans that may be either before or after the service has been performed. In cases where fixed payment plans do not exist, the payment conditions vary in the main between 0 and 60 days. Advance payments from customers are made monthly or by semester in advance, but advance payments are also made up to a year in advance.

Remaining performance obligations

The Group's income is generally derived from limited-period programmes. These are normally from a month or two to a school year. Exceptionally, programmes in the Adult Education segment may last up to two years. However, in the Preschool, Compulsory School and Upper Secondary School segments, it is normal for students to continue their education for several school years. Remuneration from municipalities or other parties is, however, based on numbers of children and students or course participants that are approved by the client. This normally means that remaining performance obligations are normally very limited, and so no information is provided on this item. Note 2 provides information on the number of students (annual average) that corresponds to AcadeMedia's contract portfolio and may lead to future revenue.

K4: Fees to auditors

SEK m.	2019/20	2018/19
PricewaterhouseCoopers AB		
Audit assignment	7	6
- of which PwC AB	5	4
Other statutory assignments	0	0
- of which PwC AB	0	0
Tax advisory services	0	0
- of which PwC AB	0	0
Other services	4	2
- of which PwC AB	4	1
Other auditing firms		
Audit assignment	0	1
Other services	0	–
TOTAL FEES	11	9

K5: Personnel expenses

SALARIES AND OTHER REMUNERATION

	2019/20	2018/19
Board of Directors and CEO	11	10
Other employees	5,690	5,449
Group total	5,701	5,459
Expenses for social security contributions and pension obligations		
Board of Directors and CEO	5	5
Of which pension expenses, including payroll tax	2	2
Other employees	1,976	1,945
Of which pension expenses, including payroll tax	420	445
Group total	1,981	1,950
TOTAL	7,682	7,409

The Group has received hiring subsidies in the form of salary subsidies and State subsidies for the teacher salary premium and head teacher salary premium totalling SEK 210 million (189), which are recognised net in personnel expenses. State subsidies and salary subsidies have been deducted from personnel expenses. Since the State subsidies have a corresponding personnel expense the net effect is neutral/limited. The cost of hired personnel is recognised in the income statement under Other external expenses, totalling SEK 109 million (118).

AVERAGE NUMBER OF EMPLOYEES (full-time equivalents)

2019/20	Men	Women	Total
Sweden	3,106	6,390	9,496
Norway	319	2,095	2,414
Germany	125	651	776
Total	3,550	9,136	12,686
2018/19	Men	Women	Total
Sweden	3,033	6,486	9,519
Norway	290	1,988	2,278
Germany	89	520	608
Total	3,412	8,994	12,405

GENDER BREAKDOWN, BOARD OF DIRECTORS

	2019/20	2018/19
Board of Directors		
Women	47%	43%
Men	53%	57%
Senior executives		
Women	60%	55%
Men	40%	45%

BOARD OF DIRECTORS' FEES

	2019/20		2018/19	
	Board fee	Committee fee	Board fee	Committee fee
<i>(Amounts in SEK t.)</i>				
<i>Chairman of the Board</i>				
Anders Bülow	600	77	600	75
<i>Board members</i>				
Silvija Seres	258	133	250	125
Johan Andersson	258	81	250	75
Pia Rudengren	258	193	250	150
Anki Bystedt	258	52	250	50
Thomas Berglund*	104	42	250	100
Håkan Sörman	258	77	250	75
<i>Employee representatives</i>				
Fredrik Astin	–	–	–	–
Sofia Lundström	–	–	–	–
Anders Lövgren	–	–	–	–
Peter Milton**	–	–	–	–
Pernilla Larsson (deputy)	–	–	–	–
Anna Lundmark Boman (deputy)	–	–	–	–
SUM TOTAL	1,992	655	2,100	650

* Thomas Berglund resigned at the 2019 AGM.

** Peter Milton resigned before the start of the autumn semester 2019. Fredrik Astin was appointed as new employee representative and Sofia Lundström as deputy employee representative.

*** Fredrik Astin resigned as employee representative before the start of the autumn semester 2020. Sofia Lundström was appointed as new employee representative and Anna Lundmark Boman as deputy employee representative.

No benefits or pensions were paid in 2019/20 or 2018/19 to the Board of Directors.

REMUNERATION TO THE CEO AND OTHER SENIOR EXECUTIVES

Amounts in SEK t.	Basic salary	Variable remuneration	Benefits	Share-matching benefits	Pensions	Total
2019/20						
Marcus Strömberg, CEO	5,100	2,550	157	–	1,547	9,354
Other senior executives	15,626	4,574	240	–	2,948	23,388
Sum total	20,726	7,124	397	–	4,495	32,742
Number of other senior executives	10	9	4	–	10	

Amounts in SEK t.	Basic salary	Variable remuneration	Benefits	Share-matching benefits	Pensions	Total
2018/19						
Marcus Strömberg, CEO	4,960	2,225	125	434	1,476	9,220
Other senior executives	15,364	3,993	208	738	3,130	23,433
Sum total	20,324	6,218	333	1,172	4,606	32,653
Number of other senior executives	10	8	3	5	10	

Remuneration to the CEO and senior executives follows the guidelines established by the Board, which are presented in the Administration Report.

Group management consists of the following positions: CEO, managers of Preschool Sweden, Preschool Norway, Compulsory School, Upper Secondary School and Adult Education, plus CFO, Head of HR, Head of Communication and Public Affairs, Head of Business Development and Head of Safety and Security. AcadeMedia's Chief Executive Officer receives a basic salary and benefits. Furthermore, Marcus Strömberg collects variable remuneration of no more than six months' salary based on set performance targets on a full-year basis. The targets are both operational and financial in nature, and include factors such as quality and financial performance. The CEO's annual pension premiums amount to a maximum of 30 percent of his fixed basic salary. The CEO has a premium-based pension solution. The CEO also receives benefits consisting of car allowance.

If notice of termination is given by AcadeMedia, the CEO is entitled to a twelve-month period of notice. The salary during the period of notice will be reduced by the amount of any remuneration from another employer as of month seven. If notice of termination is given by AcadeMedia, the CEO is entitled to twelve months' severance pay, in addition to the period of notice. If notice is given by the CEO, the notice period is six months. The employment contract includes an anti-competitive clause of six months if the CEO intends to take up a new position with a company engaged in a competing business. During this time, the CEO is entitled to remuneration corresponding to the difference between his salary in new employment and the salary he had in his employment with the Company.

For other senior executives, notice periods of between four and twelve months apply, depending on whether notice is given by the executive or the Company. The notice period is generally longer in cases where a senior executive intends to take new employment in a company engaged in a competing business. In addition to fixed salary, certain senior executives are entitled to variable remuneration of no more than three or six months' salary, based on the same type of criteria as for the CEO. When notice is given by the employer, certain senior executives are entitled to severance pay amounting to between six and twelve months' salary, in addition to regular salary during the notice period.

Incentive programmes

As per 30 June 2020, AcadeMedia was operating three long-term incentive programmes: a share-matching plan, a warrant programme and a convertible loan programme. Decisions on the plans were made at the Annual General Meeting held on 24 November 2017 and at the Annual General Meeting held on 22 November 2018.

The rationale for the incentive programmes is to motivate and retain competent employees, to align the participants' goals with those of the Company and to increase the motivation to meet and exceed the Company's financial targets. The Board of Directors and its Remuneration Committee evaluate the incentive programmes annually to ensure that they achieve their intended purposes.

Management's holdings are shown on page 74.

SHARE-MATCHING PLAN

In 2018, AcadeMedia launched a share-matching plan, AMP 2017, aimed at no more than 80 managers and other key employees within the Group. Participation requires participants to use their own resources to acquire shares in AcadeMedia, or to allocate shares already held - "savings shares" - to the programme. Participants who, with certain exceptions, retain the savings shares for the period of the programme and who are also employed by AcadeMedia throughout the term, will receive a matching share free of charge at the end of the period for each savings share held. The criteria for matching shares to be allocated are that the total return (return to shareholders in the form of share price increases and reinvestment of any dividends during the term) for the Company's share throughout the term of the program exceeds 0 percent and that AcadeMedia has maintained good quality in its education services.

During the programme, the Board will perform an evaluation and assessment of management's judgement of the quality of the education provided to the students. The maximum value of the right to receive one matching share is limited to five times the price of the share when first listed on Nasdaq Stockholm.

As at 30 June 2020, the number of participants and potential matching shares was as follows:

- AMP 2017 - formerly known as AMP 2 - had 27 participants and a maximum of 45,703 matching shares, of which the CEO holds 7,350 and the other senior executives 16,750.

This means that the total number of shares that can be allocated in the share-matching plan will be a maximum of 45,703 (58,528) shares, representing 0.04 (0.06) percent of the shares outstanding. The cost to the Group of the share-matching plan in the financial year was SEK 398,000 (569,000) excluding social security contributions, which amounted to SEK 280,000 (105,000). The cost of share-matching excluding social security contributions for the CEO was SEK 64,000 (71,000) and SEK 146,000 (178,000) for the other senior executives.

The remaining cost for the AMP 2017 share-matching plan is SEK 0,4 million if all employees remain, based on the share price as of the closing date.

NUMBER OF SHARES

	2019/20	2018/19
Opening balance	58,528	
Subscription share matching plan (AMP 2017)	–	66,465
Participants who left (AMP 2017)	-12,825	-7,937
Closing balance, 30 June	45,703	58,528

WARRANT PROGRAMME

The 2017 AGM resolved again to offer Group management warrants in AcadeMedia. The price was SEK 4.17 per warrant for a total of SEK 1,002,885, which is considered to be the market value based on an independent valuation using the Black and Scholes model. The exercise price is SEK 71.30, which corresponded to 115 percent of the share price at the time of issuance. The warrants may be exercised during two periods: for two weeks from the day after publication of the interim report for the second quarter of the 2020/21 financial year and for two weeks from the day after publication of the interim report for the third quarter of the 2020/21 financial year.

As of 30 June 2020, Group management had the following holdings of warrants:

- Warrants 2017: 240,500 warrants, the same as in the previous year, of which the CEO 52,500.

If the warrants are exercised in full, the Company's total shares and votes will be diluted by approximately 0.22 (0.65) percent.

During the year, the second and final redemption period for AcadeMedia's former warrant programme in 2016 ended, with 84,460 ordinary shares being subscribed for at redemption.

CONVERTIBLE LOAN PROGRAMME

At the 2018 Annual General Meeting, a new long-term incentive programme was approved, in the form of convertibles issued to employees of the AcadeMedia Group, except for the Chief Executive Officer and Group management. The convertible loan programme is not conditional on continued employment for the entire term.

Participants were offered the opportunity to acquire convertibles at their nominal amount, corresponding to their estimated market value, with each convertible entitling the holder to subscribe for shares in the Company at a conversion price of 120 percent of the average volume-weighted share price in the period from 1 February 2019, inclusive, to 7 February 2019, inclusive. The convertibles carry interest as of 15 March 2019 and may be converted during four periods. The earliest occasion is approximately three years after issue. The convertible loan falls due for payment on 17 September 2023, to the extent conversion has not taken place before then.

The convertible loan was subscribed for in an amount totalling approximately SEK 20 million. The convertible loan carries variable interest based on STIBOR.

Convertibles subscribed for may be converted into ordinary shares at a conversion price of SEK 59.50. Through conversion of convertibles, AcadeMedia's share capital may increase by a total of no more than SEK 338,739 by the issue of no more than 338,739 ordinary shares, each with a quota value of SEK 1. This represents dilution of around 0.3 percent of the shares and votes in the Company.

K6: Pensions

The Group operates defined-contribution and defined-benefit plans in Sweden and in Norway, while Germany only has a defined-contribution pension plans. Defined-benefit pension plans in Sweden are in line with the ITP 2 agreement. They are secured via pension insurance with Alecta, which is a pension scheme that shared by several employers. This pension plan is accounted for as a defined-contribution pension plan, as Alecta cannot provide sufficient information for the plan to be accounted for as a defined-benefit pension plan. Thus, only defined-benefit pension plans in Norway are recognised on the balance sheet.

In Norway an agreement was reached in 2019 between employers, represented by PBL, Private Barnehagers Landsforbund, and employee organisations in the Preschool segment, regarding a new pension plan that will come into force on 1 January 2020. Briefly, under the new plan about 90 percent of current employees in the Norwegian operation were transferred to a premium-based pension scheme, while the those not transferred remain in the current defined-benefit system. The change in pension scheme has resulted in a reduction of SEK 95 million net in the provision for pensions, and a one-off administration charge of SEK 42 million. In all, profit gained from the pension adjustment in the amount of SEK 53 million net (curtailment gain), which is recognised as an item affecting comparability.

NET PENSION COST

	2019/20	2018/19
Current service cost	47	77
Past service cost (plan change/curtailment)	-53	-
Employee contributions	-11	-19
Net interest	3	-
Pension cost, defined-benefit pensions, in profit/loss for the year	-13	57
Pension cost, defined-contribution pensions, in profit/loss for the year	356	333
Pension expenses in profit/loss for the year	343	390
Re-measurement of defined-benefit pensions recognised in other comprehensive income	18	132
PENSION EXPENSE IN TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	361	522

The premiums for the year for pension insurance plans contracted with Alecta amount to SEK 119 million (116). The Group's percentage of the premiums paid to Alecta amounted to around SEK 1.0 percent (0.6 percent). Premiums for the defined-benefit retirement and family pension plans are calculated on an individual basis and are determined by factors such as salary, previously earned pension and expected remaining period of service.

The collective funding ratio consists of the market value of Alecta's assets as a percentage of the insurance obligations, calculated according to Alecta's actuarial methods and assumptions, which do not align with IAS 19. The collective funding ratio should normally be allowed to vary between 125 and 155 percent. If Alecta's collective funding ratio is less than 125 percent or exceeds 155 percent, steps are to be taken to return the funding ratio to within the normal range. In the case of a low funding ratio, an option is to raise the agreed rates for new policies and to increase existing benefits. In the case of a high funding ratio, an option may be to reduce premiums. As of 30 June 2020, Alecta's surplus in the form of its collective funding ratio was 140 percent (144).

The following is information on defined-benefit pension plans in Norway. Norwegian companies are obliged to comply with the Norwegian law on mandatory occupational pensions. The Company's pension plans meet the requirements of this law. The plans provide defined future benefits in the form of retirement, family and disability pension. These benefits are mainly determined by the number of years of service, salary at retirement and social insurance levels. Defined-benefit pension plans in Norway are secured in accordance with the plan's rules via pension insurance with Storebrand Livforsikring AS. The size of the pension premiums is determined by the insurance provider based on different criteria than those in IAS 19. Under the pension agreement, employees contribute 2 percent of their gross salary in premium payments.

NET DEFINED-BENEFIT PENSION LIABILITY

	30 JUNE 2020	30 JUNE 2019
Present value of defined-benefit pension obligations	277	690
Fair value of plan assets	-217	-536
NET PENSION LIABILITY (+) /ASSETS (-) ON THE BALANCE SHEET	60	154

CHANGE IN PRESENT VALUE OF PENSION LIABILITY

	2019/20	2018/19
Pension liability, opening balance	690	525
Effect of acquisitions	-	9
Current service cost	47	74
Past service cost (plan change/curtailment)	-52	0
Interest expense	11	14
Re-measurement of pensions		
– demographic assumptions	-	-
– financial assumptions	-8	-
– experience adjustments	19	86
Pension disbursements	-2	-2
Payroll tax paid	-14	-12
Plan change/adjustment	-366	0
Exchange rate difference	-48	-4
PENSION LIABILITY, CLOSING BALANCE	277	690

CHANGE IN FAIR VALUE OF PLAN ASSETS

	2019/20	2018/19
Plan assets, opening balance	536	484
Effect of acquisitions	-	8
Interest income	8	10
Return over and above interest income	-8	-46
Contributions paid by the employer	103	86
Contributions paid by employees	0	0
Pension disbursements from plan assets	-2	-2
Plan change/adjustment	-366	-
Other	-19	-
Exchange rate difference	-35	-4
PLAN ASSETS, CLOSING BALANCE	217	536

Plan assets consist of pension insurance through Storebrand Livforsikring AS, invested according to Storebrand Ekstra Forsikring. Risk is controlled through dynamic risk management, which means that the equity portion is weighted up or down, depending on developments in the financial markets. Risk capacity is determined by several factors, such as the buffer and level of interest rates.

INVESTMENT OF PLAN ASSETS

	30 JUNE 2020	30 JUNE 2019
Shares	9%	8%
Interest-bearing investments	71%	78%
Real estate	16%	11%
Alternative investments	4%	3%
Sum total	100%	100%

Of the above, Equities and Interest-bearing investments are invested in an active market.

The present value of pension obligations is determined by a number of factors established on the basis of a number of assumptions.

SIGNIFICANT ACTUARIAL ASSUMPTIONS

	30 JUNE 2020	30 JUNE 2019
Discount rate	1.50%	2.50%
Future salary growth	2.25%	2.75%
Future pension growth	0.00%	0.80%
Increase in social security amount	2.00%	2.50%
Life expectancy, mortality table	K2013BE	K2013BE

At the beginning of the year, the Norwegian pension agreements covered around 2,650 individuals, including 2,450 who were active and approx 200 retirees. The pension plan then covered young women in active employment. After the new pension plan was implemented on 1 January 2020, with all employees born on or after 1 January 1969 being transferred to a premium-based plan, the defined-benefit plan encompasses approx 540 individuals, of which 280 active employees and 260 retirees. The defined-benefit pension obligation totals SEK 277 million (690), of which SEK 128 million (551) relates to the active employees and the remaining SEK 149 (139) million to the retirees. The weighted average term, the duration, for the defined-benefit pension liability has decreased as a result of the adjustment, to approx. 9 years (28).

The expected total contributions to the Norwegian defined benefit plan amount to SEK 24 million (91) for the upcoming financial year. Added to this is Norwegian payroll tax of approx SEK 3 million (13). The decrease follows the adjustment. Expected contributions to the Swedish defined-benefit plan with Alecta amount to around SEK 136 million (117). Added to this is Swedish payroll tax of around SEK 33 million (28).

The defined-benefit pension plans expose the Group to various risks, including risks associated with life expectancy, salary levels etc. Each change in the assumptions applied will have an impact on the carrying amounts of the pension obligations. Responsibility for pension obligations for former employees - "paid-up policies" - is however transferred to the insurer and pension obligations for these paid-up policies are not recognised as net debt.

SENSITIVITY ANALYSIS FOR PENSION LIABILITY

	Change in assumption		Change in liability, SEK m.	
Discount rate	-0.50%	0.50%	+36	-31
Future salary increase, incl. increase in social security	-1.00%	1.00%	-7	+8
Future pension growth	-0.50%	+0.50%	ET	33
Estimated life expectancy	- 1 year	+ 1 year	-10	10

The sensitivity analysis was carried out for the most significant actuarial assumptions, which are the discount rate, future salary growth, future pension growth and estimated life expectancy. The sensitivity analysis involved changing one actuarial assumption holding the other assumptions constant. The method shows the liability's sensitivity to an individual assumption. It is a simplified method, as the actuarial assumptions are normally correlated.

K7: State subsidies

	2019/20	2018/19
Salary subsidy, teacher salary premium	85	89
Salary subsidy, head teachers/career service	55	43
Other salary subsidies	70	57
Other State subsidies	176	154
Sum total	386	343

State subsidies are classified as salary subsidies and other State subsidies.

State subsidies to cover payroll expenses such as teacher salary premium, head teacher premium and other salary subsidies, are recognised net under personnel expenses. In all, State salary subsidies totalled SEK 210 million (189).

Other State subsidies totalled SEK 176 million (154) and are recognised as revenue. These include State subsidies for smaller classes, apprenticeships and equitable schools. Of Other State subsidies, the State subsidy for equitable schools is the largest single subsidy, totalling SEK 46 million (28). For further information regarding Other State subsidies, see Note K3.

K8: Depreciation/amortisation

	2019/20				2018/19		
	According to plan	Acquisition-related	Right-of-use	TOTAL	According to plan	Acquisition-related	TOTAL
Brands	–	12	–	12	–	12	12
Other intangible assets	8	–	–	8	4	–	4
Equipment	99	–	124	223	204	–	204
Enhancement expenditure, third-party property	57	–	–	57	42	–	42
Buildings	35	4	1,175	1,214	30	4	34
Sum total	199	16	1,298	1,513	280	16	296

K9: Items affecting comparability

Items affecting comparability include income and expenses of such a nature as to affect comparability. These are reported on a separate line in the accounts to improve comparability between periods and to clarify the trend in the underlying business. Items affecting comparability are items related to property, such as capital gains on sales, major property damage not covered by commercial insurance, consulting costs related to acquisitions, severance payments to senior executives, major integration costs resulting from acquisitions or reorganisations, together with costs arising from strategic decisions and major restructuring that result in closing down of units.

ITEMS AFFECTING COMPARABILITY

	2019/20	2018/19
Transaction costs	0	0
Retroactive revenue from previous years	11	45
Restructuring costs (Ad. Ed.)	0	-15
Restructuring costs (Upper Sec.)	0	-14
Restructuring costs (Comp. School)	0	-14
Restructuring costs (Group)	-21	-
Operating expenses affecting comparability	-7	-
Pension adjustment, Norway	53	-
SUM TOTAL	36	1

A pension adjustment in Norway consisted of the profit (curtailment gain) that arose when around 90 percent of all employees in Norway transferred to a new pension plan on 1 January 2020. For more information regarding this change, see Note K6.

The Group's operating profit/loss would be as follows if items affecting comparability had not been reported on their own line in the accounts.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2019/20	2018/19
Net sales	12,283	11,760
Cost of services sold	-993	-997
Other external expenses	-1,254	-2,542
Personnel expenses	-7,550	-7,291
Depreciation/amortisation	-1,513	-296
OPERATING PROFIT/LOSS	973	635

K10: Financial income

	2019/20	2018/19
Interest income	0	1
Foreign exchange gains	-	2
Other	4	0
FINANCIAL INCOME	4	3

Other financial income consists of reversals of previous write-down of receivables on receipt of payment.

K11: Financial expenses

	2019/20	2018/19
Interest expense	-41	-51
Borrowing costs*	-7	-7
Interest expense, lease liability	-365	-
Exchange rate losses	-3	-3
Capital losses	-	-5
Bank charges and similar	-5	-5
FINANCIAL EXPENSES	-421	-72

*Setup charges for new loans are expensed over the term of the loan. During the financial year, profit was charged with amortised borrowing costs of SEK 7 million (7).

Interest expense arising from lease liabilities consists of interest expense of SEK 5 million in connection with finance leases and interest expense of SEK 360 million following the implementation of IFRS 16, i.e. relating to leases on premises.

K12: Taxes

Income tax in the Consolidated statement of comprehensive income consists of the following main components:

	2019/20	2018/19
Income statement		
<i>Current tax</i>		
Current tax on profit for the year	-130	-114
Adjustment of tax pertaining to previous years	0	-2
Total current tax	-130	-116
<i>Deferred tax</i>		
Deferred tax on temporary differences	5	-19
Deferred tax arising from changes in tax rates	0	-1
Total deferred tax	5	-20
Total tax expense recognised in the income statement	-125	-136
Other comprehensive income		
Deferred tax attributable to defined-benefit pension plans	4	29
Total tax expense recognised in other comprehensive income	4	29

RECONCILIATION OF EFFECTIVE TAX IN THE INCOME STATEMENT

	2019/20	2018/19
Profit/loss before tax	556	566
Tax on profit for the year based on the domestic tax rate	-119	-136
<i>Tax effect of:</i>		
Other tax rates in foreign subsidiaries	0	9
Non-deductible expenses	-8	-6
Non-taxable income	3	0
Utilisation of previous year's unrecognised loss carry-forwards	-	-
Adjustment, previous years	-1	-2
Revaluation of deferred tax – change in tax rate*	0	-1
Other	0	0
EFFECTIVE TAX RECOGNISED	-125	-136

* As of 1 January 2019, the tax rate in Sweden is 21.4 percent for companies with a financial year starting on 1 January 2019 or later. The tax rate will be lowered to 20.6 percent for financial years starting on 1 January 2021 or later. In the preceding year, the tax rate in Norway was lowered from 23 percent to 22 percent.

CHANGE IN DEFERRED TAX

2019/20	Intangible non-current assets	Property, plant and equipment	Right-of-use assets	Tax deficit	Provision for pensions	Provisions	Untaxed reserves	Offsetting receivable/payable	Sum total
At start of year	-47	-10	–	0	54	45	-127	–	-85
Recognised in the income statement	3	14	33	–	-23	3	-25	–	5
Recognised in other comprehensive income	–	–	–	–	4	–	–	–	4
Acquisitions	0	-1	0	–	0	0	0	–	-1
Reclassification	–	–	0	–	-16	0	0	–	-16
Translation difference	–	0	0	–	-6	–	–	–	-6
At year-end	-44	3	33	0	13	48	-152	–	-99
Of which									
Deferred tax assets	0	28	8	0	13	48	0	-77	20
Deferred tax liability	-44	-25	25	0	0	0	-152	77	-119

2018/19	Intangible non-current assets	Property, plant and equipment	Tax deficits	Provision for pensions	Other provisions	Untaxed reserves	Offsetting receivable/payable	Sum total
At start of year	-16	-11	3	27	48	-110	–	-59
Recognised in the income statement	1	0	-3	0	-3	-16	–	-21
Recognised in other comprehensive income	–	–	–	29	–	–	–	29
Acquisitions	0	0	–	0	–	-1	–	-1
Reclassification	-33	0	–	0	0	–	–	-33
Translation difference	1	1	0	-2	–	–	–	0
At year-end	-47	-10	0	54	45	-127	–	-85
Of which								
Deferred tax assets	0	21	0	54	45	–	-64	56
Deferred tax liability	-47	-31	–	–	–	-127	64	-141

K13: Earnings per share

EARNINGS PER SHARE

	2019/20	2018/19
Profit attributable to owners of the Parent Company	431	431
Average number of ordinary shares, basic (thousands)	105,271	105,190
Effect of warrants (thousands)	41	39
Average number of ordinary shares, diluted (thousands)	105,312	105,229
Earnings per share, basic (SEK)	4.09	4.09
Earnings per share, diluted (SEK)	4.09	4.09

The average weighted number of shares totalled 105,270,565 (105,189,565). The number of shares increased as a result of the new share issue in November 2019 on the redemption of warrants in the 2016 warrant programme, which thereupon was terminated. In all, the number of ordinary shares and votes increased by 84,460.

Instruments that may result in future dilution

In 2019/20, AcadeMedia had an outstanding warrant programme whose redemption price (SEK 71.30 per share) was higher than the average price for the Company's ordinary shares. The Company has also issued convertible bonds whose conversion price (SEK 59.50) was higher than the average price for the shares.

These warrants and convertibles therefore have no dilution effect and have been excluded from the calculation of earnings per share, diluted. If in future the market price is higher than the redemption price, these warrants will cause dilution.

K14: Business combinations

The acquisition analyses are provisional for one year commencing on the acquisition date.

The acquisitions below represent a combined value of less than 5 percent of the Group and are therefore not specified separately in the tables. In all acquisitions, 100 percent of the shares and voting rights were acquired.

In all acquisitions, the purchase consideration takes the form of a cash payment.

The following are disclosures regarding adjusted acquired net assets and goodwill. Amortisation/impairment of goodwill attributable to goodwill on consolidation is not tax deductible, while amortisation/impairment attributable to business combinations (net assets) is tax deductible.

ACQUISITIONS 2019/20

Acquiring company	Acquired company/ business	Date of acquisition	Segment
ACM 2001 AB	TO i Sverige AB	1 July 2019	KC OH / Group
Pysslingen Förskolor och Skolor AB	Förskolan Moroten AB	1 Oct. 2019	Preschool
Pysslingen Förskolor och Skolor AB	Pålsjö Skogs Förskola AB	1 Oct. 2019	Preschool
ACM 2001 AB	Pops Academy AB	1 Dec. 2019	Compulsory School
Espira Barnehager AS	Espira Tastarustå AS	1 Dec. 2019	Preschool
Pysslingen Förskolor och Skolor AB	Banérportsskolan AB	01 May 20	Compulsory School
Pysslingen Förskolor och Skolor AB	Banérporten För- skolor AB	01 May 20	Compulsory School

ACQUISITIONS 2018/19

Acquiring company	Acquired company/ business	Date of acqui- sition	Segment
Espira Barnehager AS	Casa Musica Barne- hager AS	1 Apr. 2019	Preschool International
ACM 2001 AB	Helixutbildningar AB	1 May 2019	Upper Secondary School

Acquisition effects

ACQUISITION EFFECTS ON ACQUISITIONS MADE

	2019/20	2018/19
Purchase consideration including transaction costs	76	33
Transaction costs	3	1
Purchase consideration excluding transaction costs	73	31
Fair value of acquired net assets excluding goodwill	0	-10
TOTAL GOODWILL	74	21

Goodwill is mainly attributable to :

- Whether the business can sustainably operate with good profitability, on the basis of its quality and attractiveness and by virtue of being a well-developed organisation
- Annual cost synergies, which are expected to arise from overlapping resources in sales and marketing, administration, education
- Economies of scale and streamlining in purchasing and administration.
- Expansion of operations into new geographic markets

FAIR VALUE ACQUIRED

	2019/20	2018/19
Intangible non-current assets	1	0
Property, plant and equipment	33	37
Right-of-use assets	57	-
Non-current financial assets	3	0
Current assets	8	5
Cash and cash equivalents	19	7
Interest-bearing liabilities	-30	-30
Lease liabilities	-57	-
Non-interest-bearing liabilities	-32	-5
Current tax liability	-2	-2
Provisions	0	-3
NET ASSETS ACQUIRED	0	10

The fair value of acquired receivables is included in current assets and totals SEK 8 million. The receivables are expected to be received in full. Goodwill arising from acquisitions consists of synergies with existing businesses, but also resources such as personnel, education programmes, recruitment and personnel development, as well as service organisation, which can be streamlined as a result of the acquisitions.

EFFECT OF ACQUISITIONS ON THE GROUP'S CASH AND CASH EQUIVALENTS

	2019/20	2018/19
Purchase consideration excluding transaction costs and including interest compensation	73	31
Less purchase consideration not settled in cash as of 30 June	-3	11
Cash and cash equivalents at acquisition	-19	-7
IMPACT ON THE GROUP'S CASH AND CASH EQUIVALENTS	51	34

DEFINITIVE ACQUISITION ANALYSES

During the preceding year, acquisition analyses regarding acquisitions in previous years were completed. With respect to KTS in Germany, this led to an adjustment of SEK 11 million to goodwill when the full recognised additional purchase consideration was not paid out.

CONTRIBUTION OF ACQUISITIONS TO CONSOLIDATED PROFIT

	2019/20	2018/19
Net sales	56	10
Operating profit/loss (EBIT)	8	2

IF THE UNIT HAD BEEN INCLUDED IN CONSOLIDATED PROFIT/LOSS FROM 1 JULY ITS CONTRIBUTION WOULD HAVE BEEN

	2019/20	2018/19
Net sales	143	47
Operating profit/loss (EBIT)	17	10

K15: Intangible non-current assets

(SEK m)	30 June 2020				30 June 2019			
	Goodwill	Brand	Other intangible assets	TOTAL	Goodwill	Brand	Other intangible assets	TOTAL
Cost, opening balance	5,987	235	54	6,276	5,937	235	32	6,204
Adjustment of acquisition analyses	–	–	–	–	-11	–	–	-11
Acquisitions	72	–	1	73	31	–	–	31
Purchases	–	–	18	18	–	–	22	22
Divestments and disposals	–	–	-35	-35	–	–	–	0
Reclassifications	–	–	–	–	34	–	–	34
Translation differences	-103	–	0	-103	-4	0	0	-4
Accumulated cost, closing balance	5,956	235	38	6,229	5,987	235	54	6,276
Amortisation and impairment	-4	-13	-27	-44	-4	-1	-23	-28
Depreciation/amortisation for the year	–	-12	-8	-20	–	-12	-4	-16
Divestments and disposals	–	–	26	26	–	–	–	0
Translation difference	–	–	0	0	–	0	0	0
Accumulated amortisation and impairment, closing balance	-4	-25	-10	-39	-4	-13	-27	-44
CARRYING AMOUNT, CLOSING BALANCE	5,952	210	28	6,191	5,983	222	27	6,231

Other intangible non-current assets consist of computer software and teaching platforms.

K16: Impairment test

AcadeMedia performs a test at least annually to determine any impairment of goodwill, by calculating the value in use for the cash-generating units (CGUs), see Accounting Policies, Note K1. Goodwill and brand are monitored per country in the Preschool segment and then per segment for Compulsory School, Upper Secondary School, and Adult Education, which thereby constitutes cash-generating units (CGU). Preschool business in Sweden, Norway and Germany, which are similar, constitute one reportable segment but are followed up separately. These operations are therefore separate CGU and are tested separately for impairment. The impairment test is performed by calculating the value-in-use for all CGUs.

Last year, the recoverable amount was determined by calculating the fair value less costs of sales for Preschool Norway and Preschool Germany. The reason was that the value-in-use approach does not capture the full value of the properties owned in Norway and of the fact that the German operations were acquired as a platform for expansion. For a more detailed description of the impairment testing for goodwill last year, see the 2018/19 annual report, Note 18.

A consequence of the adoption of IFRS16 is that AcadeMedia recognises substantial asset values relating to long-term leases. This affects the earnings and operating capital of the CGUs.

AcadeMedia has performed impairment tests on the basis of six CGUs, the lowest level for following up financial position internally.

The value in use is based on cash flow calculations, which in turn are based on business plans adopted by Group management and Board for the period up to 2024/2025. After that period, forecasts are made for a further six years to make a total forecast period of 10 years, in part to take into account the need for reinvestment associated with right-of-use assets.

The most important assumptions in the impairment test are growth rate, operating margin, capital expenditure and discount rate (WACC). The growth rate in the business plans is based on assumptions as to growth in student numbers and expectations regarding market growth. The cash flows for the following period is calculated based on an annual growth rate of 1.0 percent (1.0). Operating margin and investment level have been determined by the Board and Group management based on historical results and past experience. The discount rates applied reflect the specific risk attached to each CGU and is calculated before tax. The reason why the discount rates are lower than last year

relates to adoption of IFRS 16 which leads to a capital structure with considerably higher level of indebtedness and therefore lower WACC than last year.

	Goodwill	Growth rate	WACC before tax	WACC after tax
CGUs – 30 June 2020				
Preschool Sweden ^{1, 2}	640	1%	7.4%	6.3%
Preschool Norway ¹	757	1%	7.6%	6.5%
Preschool Germany ¹	266	1%	9.2%	6.5%
Compulsory School ²	1,371	1%	7.0%	6.0%
Upper Secondary School	2,092	1%	9.1%	7.6%
Adult Education	827	1%	10.5%	9.0%
	5,952			
CGUs – 30 June 2019				
Preschool and Compulsory School ²	1,950	1%	9.3%	7.6%
Preschool Norway	846	1%	9.6%	7.8%
Preschool Germany	268	2%	15.9%	11.8%
Upper Secondary School	2,092	1%	9.2%	7.6%
Adult Education	827	1%	10.0%	8.3%
	5,983			

- 1 Preschool Sweden, Preschool Norway and Preschool Germany together make up the Preschool segment.
- 2 As a result of a new segment classification as of 1 July 2019, separate impairment testing is performed for Preschool Sweden and the Compulsory School operation.

The impairment test shows no need for an impairment write-down. The CGU with the lowest margin in the impairment test is Preschool Sweden. In the event of a reduction of 0.5 percentage points in the EBIT margin to 5.0 percent, the recoverable amount would be just below the carrying amount resulting in an impairment. Similarly, in the event of an increase in WACC of 0.4 percentage points or more would also lead to a recoverable amount just below the carrying amount resulting in an impairment, according to this sensitivity analysis.

The impairment test performed indicated that no reasonable changes in the important assumptions would require impairment for Preschool Norway, Preschool Germany, Compulsory School, Upper Secondary School and the Adult Education business. For the recoverable amount to equal the carrying amount, WACC before tax needs to be increased by 1.6 percentage points for Preschool Norway, 2.1 percentage points for Preschool Germany, 2.4 percentage points for Compulsory School, 5.0 percentage points Upper Secondary School and 8.3 percentage points for Adult Education.

K17: Property, plant and equipment

2019/20	Buildings	Equipment	Leasehold im- provements	Total	Of which, finance leases
Cost, opening balance	1,241	966	650	2,857	345
Acquisitions	32	1	–	33	–
Investments	60	115	134	310	–
Divestments and disposals	-60	-31	-76	-167	–
Reclassifications	2	-332	-15	-345	-345
Translation differences	-142	-16	-1	-159	–
Accumulated cost, closing balance	1,134	703	692	2,529	–
Depreciation, opening balance	-113	-566	-262	-941	-214
Depreciation for the year	-39	-99	-57	-195	–
Divestments and disposals	0	27	58	85	–
Reclassifications	2	212	-1	214	214
Translation difference	17	4	1	22	–
Accumulated depreciation, closing balance	-133	-422	-260	-815	–
CARRYING AMOUNT, CLOSING BALANCE	1,001	281	432	1,714	

Buildings consist of preschool properties. During the year, one preschool property was sold (preceding year: 0). On 30 June 2020, 30 (29) properties were owned and one new preschool is under construction in Norway.

2018/19	Buildings	Equipment	Leasehold im- provements	Total	Of which, finance leases
Cost, opening balance	1,029	1,047	511	2,587	318
Acquisitions	30	0	0	30	–
Investments	211	249	169	629	129
Divestments and disposals	–	-330	-32	-362	-102
Reclassifications	-17	0	2	-15	–
Translation differences	-11	-1	0	-11	–
Accumulated cost, closing balance	1,241	966	650	2,858	345
				0	
Depreciation, opening balance	-81	-679	-228	-988	-201
Depreciation for the year	-35	-204	-42	-281	-114
Divestments and disposals		316	8	324	101
Reclassifications	2	0	0	2	–
Translation difference	1	1	0	2	–
Accumulated depreciation, closing balance	-113	-566	-262	-941	-214
CARRYING AMOUNT, CLOSING BALANCE	1,129	400	387	1,916	131

K18: Right-of-use assets

LEASING CONTRACTS

	2019/20		
	Property	Other	Sum total
Carrying amount, 1 July 2019	7,026	131	7,157
New leases, extensions and index adjustments	1,451	132	1,583
Acquisitions	57	–	57
Depreciation	-1,175	-124	-1,299
Exchange rate differences	-152	0	-152
Balance at 30 June 2020	7,207	139	7,346

*Other refers to leases of IT equipment and vehicles.

CARRYING AMOUNTS IN THE INCOME STATEMENT

	2019/20
Expenses relating to short-term leases	50
Expenses attributable to leases of low-value assets	29
Expenses attributable to variable lease fees not included in the lease liability (property tax)	5
Sum total	85
Interest expense attributable to leases	365

AcadeMedia's lease commitments relate primarily to premises, IT equipment and vehicles. AcadeMedia has around 800 leases on premises and these represent the major share of the Group's leased assets and liabilities. Leases related to properties normally operate for a period of 1-25 years and cars for 3 years.

Discount rate

To calculate the lease liability (the present value of future lease fees) attributable to properties, external benchmark figures for return on capital on public properties are used to determine the discount rate in order to estimate the implicit interest rate for the asset. The return on capital requirement differs among geographical areas. As a result, AcadeMedia's leases are categorised on the basis of their geographical location. In the case of leases in Sweden, a rate of between 4.1 and 5.6 percent as per 1 July 2019 is applied; a rate of 5.0% is used for both Norway and Germany. The discount rate for AcadeMedia's leased cars in Sweden is based on the rate in the respective lease.

Index

Variable lease fees linked to indexes or prices are included in the value of the right-of-use and the lease liability. These variable lease fees include, for

example, payments linked to the consumer price index, the benchmark rate or changes in market rates. The majority of AcadeMedia's leases incorporate an index clause, most commonly the Consumer Price Index, with an adjustment in January. The index used is updated at the date of commencement for the change in rent, or when it is changed.

Options for extension

Leasecontracts for premises normally also include one or more options for extension. Because the exercise of an option to extend requires a new investment decision, the IFRS 16 calculation only include the option to extend if a decision to continue operations is taken unless there is a significant leasehold improvement made.

Variable expenses

Variable expenses, such as property tax, value added tax and other variable property expenses, including maintenance costs, electricity, heating and water etc. are excluded from the calculation of the lease liability to the extent that such costs can be separated from the rental cost.

Cash flows

The total cash flow for leases entered into was SEK -1,580 million over the financial year.

Leases entered into, not yet in force.

In addition to the leases recognised on the balance sheet, the Group has contracted leases that are not yet in force to a value of SEK 965 million.

Disclosure regarding leases in accordance with IAS 17

DISCLOSURE REGARDING LEASE FEES IN ACCORDANCE WITH IAS 17

2018/19	Operating*	Finance
Premises	1,492	–
Equipment	34	118
SUM TOTAL	1,526	118

* Lease expenses for assets held via operating leases - such as rented premises, machinery and office equipment - are recognised among Other external expenses.

CONTRACTUAL OPERATING LEASE FEES AS PER 30 JUNE 2019 IN ACCORDANCE WITH IAS 17

	2019/20	2020-2023	>2023	TOTAL
Premises	1,366	2,890	5,051	9,307
Equipment	11	10	0	21
SUM TOTAL	1,377	2,900	5,051	9,328

K19: Accounts receivable

30 June 2020	Not over-due	Overdue 1-15 days	Overdue 16-30 days	Overdue >30 days	Sum total
Expected level of losses in %	1.0	1.0	1.0	1.0	1.0
Carrying amount accounts receivable - gross	204	2	2	12	219
Provision for credit losses	0	0	0	4	4
30 June 2019					
Expected level of losses in %	1.0	1.0	1.0	1.0	1.0
Carrying amount accounts receivable - gross	234	7	3	12	256
Provision for credit losses	2	0	0	0	3

	30 JUNE 2020	30 JUNE 2019
Accounts receivable, gross		
Not overdue	204	234
Overdue 1-15 days	2	7
Overdue 16-30 days	2	3
Overdue more than 30 days	12	12
Sum total	219	256
Provision for credit losses		
Provision for dcredit losses, opening balance	3	2
Provisions for the year	4	2
Amounts written off	-1	-
Reversed provisions (-)	-2	-1
Provision for credit losses, closing balance	4	3
ACCOUNTS RECEIVABLE, CLOSING BALANCE	215	253
Confirmed credit losses	1	0

The Group's provision for credit losses refers to the category "Overdue more than 30 days."

Collateral is not normally held for these receivables. The Group's customers essentially consist of municipalities, public authorities and companies, representing a low credit risk to the Group, and the credit quality of outstanding accounts receivable is considered to be very high. There are no significant credit concentrations.

Provision for credit losses is made individually in accordance with internal regulations and normally when the receivables are more than 60 days overdue. The provision is then 100 percent. The provision for credit losses is included in Other external expenses.

K20: Prepaid expenses and accrued income

	30 JUNE 2020	30 JUNE 2019
Prepaid rent	-	259
Other prepaid expenses	109	88
Accrued income	115	99
SUM TOTAL	224	446

Accrued income mainly relates to unbilled programmes in adult education.

The decrease from the preceding year arises from the fact that prepaid rental expenses are recognised as a decrease in the lease liability.

K21: Cash and cash equivalents

	30 JUNE 2020	30 JUNE 2019
Cash and bank balances	528	527
SUM TOTAL	528	527

The definition of cash and cash equivalents is the same for the balance sheet as for the statement of cash flows. Cash and cash equivalents consist of bank balances, including SEK 29 million (30) in blocked bank accounts for withholding tax payments in Norway.

K22: Financial risk and management of capital risk

AcadeMedia has a general financial policy that focuses on the unpredictability of the financial markets. The policy's aim is to minimise potential unfavourable effects on the Group's financial results. The Group previously used derivative instruments to hedge certain risk exposure.

Risk management is performed centrally by the Group's support function in accordance with policies established by the Board. The Board has adopted a financial policy covering the overall financial risk management in specific areas, such as liquidity risk, refinancing risk, currency risk, interest rate risk, credit risk, use of derivatives and placement of surplus liquidity.

Its purpose is to minimise the Group's cost of capital by appropriate financing and by effective management and control of the Group's financial risks. The Group works actively on monitoring its liquidity and continuously updates its forecasts for anticipated changes in liquidity.

Interest rate risk

AcadeMedia's interest rate risk arises in the Group's long-term borrowing, including its property loans from Husbanken (the Norwegian State Housing Bank). At the end of the financial year, 100 percent of the borrowing was at a variable interest rate.

The effect of an increase in the variable interest rate of one percent on the Group's interest expense is SEK 25 million (30).

Credit risk/Counterparty risk

Credit risk is the risk that accounts receivable, other receivables and cash/cash equivalents will not be paid. The Group's accounts receivable are almost exclusively with central government, municipalities and government agencies with a very high credit rating, and surplus liquidity is deposited with Nordic banks with a very high credit rating (A or higher). As a result, AcadeMedia's credit risk is considered to be limited. Collateral is not normally held for these accounts receivable. For more information on accounts receivable, see Note K19.

Currency risk

AcadeMedia conducts operations in Norway and Germany, and is therefore exposed to currency risk – above all in NOK but also EUR – in part transaction exposure and in part translation exposure. The transaction exposure is limited, in that both revenue and costs are essentially denominated in the local currency. The translation exposure arises when the Group's net assets in foreign currencies are translated to SEK, and when earnings are translated to SEK. Currency exposure in net assets is managed by financing such assets wholly or partly via loans in the local currency. Net assets in foreign currency on 30 June 2020 totalled NOK 567 million and EUR 19 million.

In all 16 percent (16) of sales are generated in NOK and just over 4 percent (4) in EUR. In the event of change of +/-10 percent in exchange rates, sales would be impacted in the amount of +/-SEK 245 million and operating profit in the amount of +/-SEK 16 million.

Liquidity and refinancing risk

Liquidity risk is the risk that AcadeMedia cannot fulfil its payment obligations relating to financial liabilities. Refinancing risk is the risk that refinancing for loans cannot be arranged, or cannot be arranged on acceptable terms. Liquidity and refinancing risks are managed centrally. Refinancing risk is managed via credit facilities within the scope of existing loan agreements, by financing the property portfolio in Norway on a long-term basis via Husbanken and by ensuring that the Group works with several banks. Liquidity risk is managed by ensuring that the Company always has an available liquidity reserve and by maintaining continuous forecasting of cash flows. To facilitate liquidity planning and liquidity control, the Group operates cash pools.

On 29 June 2018, AcadeMedia entered into a loan agreement with the Sweden branch of DNB Bank ASA and Nordea Bank AB. Under the loan agreement, the lenders have committed to providing a financing framework totalling SEK 2,500 million, including a revolving credit facility of SEK 700 million available for acquisitions or for operating liquidity, for a term of five years. On 30 June 2020, SEK 1,506 million was outstanding. The loan agreement included the following covenants, in the form of two quotas, which are to be reported on regularly to the lenders.

Covenant 1, debt/equity ratio = net debt/EBITDA. The ratio may not exceed 3.75 times.

Covenant 2, interest cover = EBITDA/interest paid in cash. The ratio must exceed 4 times.

All covenants were fulfilled on 30 June 2020. If AcadeMedia breaches any of these covenants in the future, this could result in the loans under the loan agreement maturing in full or in part for immediate payment. For further information on the Group's outstanding liabilities, see Note K26 Borrowing.

The major share of the Group's operations is personnel-intensive and requires a low level of investment. In the AcadeMedia Group, investments are mainly required for equipment, except in Norway, where new preschools usually require investment in their own buildings. Furthermore, income/school vouchers are for the most part received in advance, and as a result working capital is

negative. AcadeMedia's operations thus generate a positive cash flow even during growth. Additional funding is needed primarily for future acquisitions.

There is a risk that AcadeMedia, at maturity of the above-mentioned loan agreement or should additional financing be needed, would not be able to obtain such financing on acceptable terms, or at all. Factors such as the general availability of credit and the Group's credit rating have an impact on access to additional financing. Also, access to additional financing is dependent on the Group's lenders having a positive view of the Group's long-term and short-term financial outlook. Disruptions or uncertainties in the capital and credit markets may also limit access to capital. These factors may have a significantly negative impact on AcadeMedia's business, financial position and results. The Group has determined that the covenants will be fulfilled during the loan term and that the risk of being required to repay the loans early is therefore low. Furthermore, it is also deemed that the Group will be capable of making interest payments even if the benchmark interest rate were to increase.

K23: Equity

	Number of ordinary shares (thousands)	Number of Class C shares (thousands)	Number of shares (thou- sands)	Share capital (SEK thousands)
OPENING BALANCE, 1 JULY 2018	105,139	325	105,464	105,464
Conversion 1 Nov. 2018	77	-77	0	0
CLOSING BALANCE, 30 JUNE 2019	105,216	248	105,464	105,464
New share issue on redemption of warrants, 5 November 2019	84	-	84	84
CLOSING BALANCE, 30 JUNE 2020	105,300	248	105,548	105,548

Consolidated capital

The AcadeMedia Group's financial goal is growth of five to seven percent in net sales per year for the Group, excluding major acquisitions. In addition, AcadeMedia intends to provide the highest quality education in the areas where the Group operates. The target is that adjusted EBIT should amount to seven to eight percent of sales.

Regarding indebtedness, AcadeMedia's target is to have net debt relative to operating profit before depreciation and amortisation (adjusted EBITDA) excluding items affecting comparability with a maximum factor of three. During brief periods there may, however, be deviations from this goal, for example in the event of major acquisitions.

No non-controlling interests are recognised.

Share capital

As of 30 June 2020, the registered share capital is represented by 105,300,103 ordinary shares (105,215,643) with a quota value of SEK 1, together with 248,242 Class C shares (248,242) with a quota value of SEK 1. The total number of shares was thus SEK 105,548,345 (105,463,885). Holders of ordinary shares are entitled to a dividend and their shareholding entitles them to exercise one vote per share at the shareholders' meeting. Class C shares entitle holders to one tenth of a voting right. All shares have the same right to

the remaining net assets of AcadeMedia AB (publ). All shares are fully paid up and no shares are reserved for transfer. The Class C shares that were intended to ensure delivery of matching shares in the share-matching plan to managers in AcadeMedia have been repurchased and are held in treasury. The number of outstanding shares is thus 105,300,103.

According to the issued warrant program, a maximum of 240,500 (689,580) shares in AcadeMedia AB may be issued up until the 14th day after publication of the interim report for the second quarter of financial year 2020/21.

In addition, a further maximum of 338,739 shares may be issued via conversion of the convertible bonds in a total of four periods. The convertible loans mature on 17 September 2023.

Other capital contributions

Other capital contributions consists of capital contributed by the owners of AcadeMedia AB (publ). This includes premiums paid in connection with share issues, as well as capital contributions received from shareholders.

Translation reserve

The translation reserve includes all exchange rate differences arising from the translation of financial statements of foreign operations prepared in a currency different from the Group's presentation currency. The Parent Company's and the Group's presentation currency is Swedish kronor (SEK).

K24: Other provisions

	30 JUNE 2020	30 JUNE 2019
Provision for restructuring costs, opening balance	10	7
Provision for restructuring costs	9	7
Utilised provisions for restructuring costs	-11	-6
Unutilised provisions for restructuring costs	1	0
	8	8
Other provisions	18	2
TOTAL OTHER PROVISIONS	27	10

Restructuring costs relate to the cost of closing units. The costs mainly consist of unused premises, costs of reinstatement of premises and personnel redundancies. Restructuring costs that are expected to be utilised over the next 12 months are recognised as accrued expenses, see Note K25. Those expected to be utilised later, are recognised as provisions and are included in the table above.

K25: Accrued expenses and deferred income

	30 JUNE 2020	30 JUNE 2019
Accrued payroll expenses	1,052	974
Deferred income	243	155
Accrued interest on loans	6	6
Restructuring costs	31	26
Other accrued expenses	174	150
SUM TOTAL	1,506	1,310

Accrued payroll expenses mainly consist of vacation pay liabilities, but also payroll taxes. The above restructuring costs are expected to be utilised within 12 months from the closing date; those expected to be utilised after 12 months are recognised as Other provisions, see Note K24.

K26: Liabilities

The table below shows the Group's financial liabilities, classified according to the remaining period after the balance sheet date up to the contractual maturity date. The amounts shown in the table are the contractual liabilities. Liabilities and agreed loan payments denominated in EUR and NOK have been translated to SEK at the balance sheet date rate, EUR/SEK 10.4804 (10.5581)

och NOK/SEK 0.9595 (1.0893). Future interest payments have been calculated at the interest rates in effect on the balance sheet date and the average exchange rates for the respective financial year, EUR/SEK 10.6569 (10.4405) and NOK/SEK 1.0315 (1.0797).

MATURITY ANALYSIS, CONTRACTUAL PAYMENTS FOR FINANCIAL LIABILITIES

30 JUNE 2020	Carrying amounts	Nominal amounts	1-12 months	2-5 years	6-10 years	>10 years
Liabilities to credit institutions	1,500	1,506	225	1,327	–	–
Property loans	659	659	76	136	160	467
Convertible bond	18	20	1	20	–	–
Other loans	6	6	6	1	–	–
Lease liability	7,355	9,319	1,484	4,014	2,543	1,281
Accounts payable	293	293	293	–	–	–
SUM TOTAL	9,832	11,803	2,084	5,499	2,703	1,748

30 June 2019	Carrying amounts	Nominal amounts	1-12 months	2-5 years	6-10 years	>10 years
Liabilities to credit institutions	1,902	1,914	448	1,570	–	–
Property loans	734	734	102	136	165	487
Convertible bond	17	20	1	23	–	–
Other loans	10	10	0	10	–	–
Finance lease liability	133	133	89	48	–	–
Accounts payable	492	492	492	–	–	–
SUM TOTAL	3,289	3,304	1,132	1,788	–	–

Loan agreement

On 29 June 2018, AcadeMedia entered into a loan agreement for up to SEK 2,500 million with the Sweden branch of DNB Bank ASA and Nordea Bank AB, with a term of five years. The interest rate on the credit facilities under the loan agreement is variable and based on IBOR (the IBOR used depends on the lending currency stated in the contract) plus a margin based on the Group's net debt relative to the Group's EBITDA. However, IBOR cannot be lower than 0, which means that negative interest rates have no impact. The loan agreement entered into force on 6 July 2018.

As of 30 June 2020, the Group had utilised SEK 1,506 million of the total loan facility of SEK 2,500 million. The loan agreement contains covenants requiring certain financial key performance indicators (covenants) to be fulfilled regarding interest cover and net debt/equity ratio relative to the Group's EBITDA. If the covenants cannot be fulfilled, the credit facilities may be cancelled and immediate repayment required.

The variable interest rate margin on the loan agreement is 1.20-1.45 percent at the end of the financial year.

The loan is recognised under the heading "Long-term loans to credit institutions" and "Current liabilities to credit institutions." Husbanken (the Norwegian State Housing Bank) loans are also recognised there. As of 30 June 2020, Husbanken loans totalled SEK 619 (666) million. The interest on these loans was 1.6-3.2 percent. The original term for the Husbanken loans is 30 years, but the effective term varies from loan to loan.

Information on the Group's pledged assets is provided in Note K27.

Carrying amounts, by currency, for the Group's borrowing are as follows:

Amounts in SEK m.	30 JUNE 2020	30 JUNE 2019
SEK	6,838	1,494
NOK*	2,131	1,157
EUR*	577	160
SUM TOTAL	9,546	2,811

*In the table, NOK and EUR have been translated to SEK.

Change in financial liabilities	1 July 2019	Cash flow	NON-CASH ADJUSTMENTS			30 June 2020
			Acquisitions/divestments of subsidiaries	Unrealised exchange rate differences	Other changes	
Liabilities to credit institutions, excl. property loans	1,915	-357	–	-52	–	1,506
Interest-bearing liabilities – Properties	733	-17	30	-87	–	659
Lease liabilities	133	-1,215	57	-150	8,531	7,355
Other interest-bearing liabilities	29	-4	–	-1	–	24
Capitalised borrowing costs	-13	-1	–	–	7	-7
TOTAL LIABILITIES FROM FINANCING ACTIVITIES	2,797	1,593	86	-290	8,538	9,538

Change in financial liabilities	1 July 2018	Cash flow	NON-CASH ADJUSTMENTS			30 June 2019
			Acquisitions/divestments of subsidiaries	Unrealised exchange rate differences	Other changes	
Liabilities to credit institutions, excl. property loans	2,118	-201	–	-2	–	1,915
Interest-bearing liabilities – Properties	650	59	30	-6	–	733
Lease liabilities	118	-114	–	0	129	133
Other interest-bearing liabilities	14	15	–	0	0	29
Accrued borrowing costs	-19	–	–	–	6	-13
TOTAL LIABILITIES FROM FINANCING ACTIVITIES	2,882	-241	30	-7	134	2,797

K27: Pledged assets and contingent liabilities and commitments

	30 JUNE 2020	30 JUNE 2019
Pledged assets		
Property mortgages	659	733
	659	733
Contingent liabilities and commitments		
Leases	965	–
Guarantees	1	1
	966	1

The property mortgages are pledged to Husbanken (the Norwegian State Housing Bank) as collateral for bank loans.

Guarantees have been provided to landlords to enable the Group's subsidiaries to sign rental agreements with landlords in Sweden and Norway.

Contingent liabilities and commitments also include leases entered into but not yet in force. See also, Note K18 Right-of-use assets

K28: Disclosures regarding the Group's financial instruments

Classification and categorisation of the Group's assets and liabilities 2019/20

ASSETS

30 June 2020	Financial assets measured at			Sum total
	Amortised cost	Fair value via comprehensive income	Fair value via the income statement	
Non-current receivables	14	–	–	14
Accounts receivable	215	–	–	215
Other receivables	142	–	–	142
Prepaid expenses and accrued income	115	–	–	115
Cash and cash equivalents	528	–	–	528
TOTAL ASSETS	1,014	–	–	1,014

LIABILITIES

30 JUNE 2020	Financial liabilities measured at			Sum total
	Amortised cost	Fair value via comprehensive income	Fair value via the income statement	
Liabilities to credit institutions	2,160	–	–	2,131
Other non-current liabilities	24	–	–	24
Lease liabilities	7,356	–	–	7,356
Accounts payable	293	–	–	293
Other current liabilities	35	–	–	35
Accrued expenses and deferred income	1,276	–	–	1,276
TOTAL EQUITY AND LIABILITIES	11,144	–	–	11,144

ASSETS

30 June 2019	Financial assets measured at			Sum total
	Amortised cost	Fair value via comprehensive income	Fair value via the income statement	
Non-current receivables	14	–	–	14
Accounts receivable	253	–	–	253
Other receivables	102	–	–	102
Prepaid expenses and accrued income	100	–	–	100
Cash and cash equivalents	527	–	–	527
TOTAL ASSETS	997	–	–	997

LIABILITIES

30 JUNE 2019	Financial liabilities measured at			Sum total
	Amortised cost	Fair value via comprehensive income	Fair value via the income statement	
Liabilities to credit institutions	2,636	–	–	2,636
Other non-current liabilities	27	–	–	27
Lease liabilities	133	–	–	133
Other interest-bearing liabilities	–	–	–	–
Accounts payable	492	–	–	492
Other current liabilities	59	–	–	59
Accrued expenses and deferred income	1,151	–	–	1,151
TOTAL EQUITY AND LIABILITIES	4,499	–	–	4,366

Fair value and carrying amount

IFRS 13 Fair Value Measurement provides a hierarchy for fair value measurement of input data. This valuation hierarchy is divided into three levels, which are in line with the levels introduced in IFRS 7 Financial Instruments: Disclosures.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices as included in Level 1, which are directly or indirectly observable for the asset or liability. There may also be inputs other than quoted prices that are observable for the asset or liability, such as interest rates, yield curves, volatility and credit spreads.

Level 3: Unobservable inputs for the asset or liability. At this level, market participant assumptions used in pricing of the asset or liability, including risk assumptions, are taken into account.

Level 3 in the measurement hierarchy is applied for measurement of additional consideration related to business combinations.

CONDITIONAL PURCHASE CONSIDERATIONS

	GROUP	
	30 JUNE 2020	30 JUNE 2019
Book value, opening balance	0	31
Estimated liabilities upon acquisition	–	–
Liabilities settled	–	-31
Exchange rate differences	–	0
CARRYING AMOUNT, CLOSING BALANCE	–	0

K29: Related-party transactions

Salaries and other remuneration to senior executives and the Board of Directors are paid as described in Note K5. The senior executives also participate in the Group's incentive programmes as described in Note K5.

In the preceding year, the members of Group management of Academia AB were offered the opportunity to acquire synthetic options in AcadeMedia, issued by Mellby Gård AB, the Company's largest shareholder. AcadeMedia AB was not involved in the transactions. The options were acquired at a price deemed to correspond to their market value.

K30: Significant events after the end of the financial year

- In september 2020, enrolment figures for AcadeMedia's Preschools, Compulsory schools and Upper Secondary Schools for autumn 2020 were announced. Growth was recorded at 5.1 percent (3.4).
- In early October 2020, it was announced that AcadeMedias profit for the first quarter of 2020/21 was higher than expected in the stock market. Net sales were estimated at approximately SEK 2,650 million (2,502), an increase of around 6 percent from the preceding year. Operating profit, adjusted for the effects of IFRS 16, was expected to total around SEK 150 million (75). Continuingly high demand for adult education and a higher level of leave taking than in the preceding year had a positive effect on profit.

K31: Transition to IFRS 16 Leasing

AcadeMedia applies IFRS 16 Leases, which replaces IAS 17 Leases as of 1 July 2019. As a result of this transition, the Group has amended its accounting policies regarding leases, as described below. However, the segments apply unchanged policies since this is how operations are monitored. The Group has elected to use the modified retrospective approach to the transition, in which for example comparative figures for 2018/19 have not been restated in accordance with IFRS 16.

According to IFRS 16, operating leases - above all, leases of premises - shall be recognised in a way that is similar to previous recognition of finance leases. At the transition to IFRS 16, AcadeMedia had around 800 leases related to properties that at the time of the transition were recognised on the balance sheet. This represented the major share of the leased assets.

Leases previously classified as operating leases in accordance with IAS 17

At the transition to IFRS 16, lease liabilities were measured at the present value of the outstanding lease fees. Variable expenses, such as property tax, value added tax, maintenance costs, electricity, heating and water etc. are excluded from the calculation of the lease liability to the extent that they can be separated from the rental cost.

Leases on properties normally also include one or more options for extension. Because the exercise of an option to extend requires a new investment decision, IFRS 16 only includes the calculation of the option when a decision to continue operations is taken and it is reasonably certain that the lease will be extended.

To calculate the lease liability attributable to properties, the implicit interest rate for the asset is used. In the case of leases in Sweden, a rate of between 4.1 and 5.6 percent as per 1 July 2019 is applied; a rate of 5.0% is used for both Norway and Germany. At transition, the right-of-use asset is measured at an amount corresponding to the lease liability.

Under simplification rules applied at the transition, leases with a remaining lease term of less than 12 months, together with low-value leases (<SEK 50,000) are not included.

As described below, the new standard has had a considerable impact on the consolidated financial statements for the financial year, and at the transition to IFRS 16, AcadeMedia recognises right-of-use assets of SEK 7,026 million and lease liabilities of SEK 7,026 million – of which SEK 6,055 million are non-current – which were previously not recognised on the balance sheet. See also Note 36 in the 2018/19 annual report.

Reconciliation of commitments, operating leases (SEK m.)	1 July 2019
Operating lease commitments as per 30 June 2019	9,328
Less: leases not yet in force	-1,446
Discounted by implicit interest rate as per 1 July 2019	-1,546
Plus: finance lease liabilities recognised on 1 July 2019	133
Less: short-term leases not recognised	0
Less: Low-value leases	-21
Plus: adjustments arising from options for extension	710
Prepaid rent	-75
Lease liability as per 1 July 2019	7,084

Leases previously classified as finance leases

Leases previously classified as finance leases are recognised at the amounts at which the lease asset and the lease liability were recognised immediately before the transition. The valuation policies stated in IFRS 16 are applied only after that date.

Statement of financial position at beginning of the financial year – effect of IFRS 16

The transition affected the balance sheet at the transition on 1 July 2019 as indicated in the table below.

ASSETS

SEK m.	Before restate- ment, 1 July 2019	Impact of IFRS 16	After restatement, 1 July 2019
ASSETS			
Intangible non-current assets	6,231	–	6,231
Buildings	1,129	–	1,129
Other property, plant and equipment	787	-131	656
Right-of-use assets	–	7,157	7,157
Other non-current assets	70	–	70
Total non-current assets	8,218	7,026	15,244
Current receivables	976	-244	732
Cash and cash equivalents	527	–	527
Total current assets	1,502	-244	1,258
Total assets	9,720	6,782	16,502

EQUITY AND LIABILITIES

SEK m.	Before restate- ment, 1 July 2019	Impact of IFRS 16	After restate- ment, 1 July 2019
EQUITY	4,589	–	4,589
LIABILITIES			
Liabilities to credit institutions	2,131	–	2,131
Non-current lease liability	–	6,102	6,102
Other interest-bearing liabilities	74	-47	27
Provisions	305	–	305
Total non-current liabilities	2,509	6,055	8,565
Interest-bearing liabilities	505	–	505
Non-current lease liability	86	895	981
Non-interest-bearing liabilities	2,029	-168	1,861
Total current liabilities	2,621	727	3,348
Total liabilities	5,131	6,782	11,913
TOTAL EQUITY AND LIABILITIES	9,720	6,782	16,502

Analysis of effect of IFRS 16 on profit for the year

The table below shows how implementation of IFRS 16 has affected the income statement, in order to facilitate comparison with the preceding year.

INCOME STATEMENT, EXCL. THE EFFECTS OF IFRS 16

	2019/20	Effects of IFRS 16	2019/20, adj. for effects of IFRS 16	2018/19
Net sales	12,271	–	12,271	11,715
Cost of services sold	-993	–	-993	-997
Other external expenses	-1,237	-1,384	-2,621	-2,517
Personnel expenses	-7,591	–	-7,591	-7,272
Depreciation/amortisation	-1,514	1,175	-339	-296
Items affecting comparability	36	–	36	1
Total operating expenses	-11,299	-209	-11,509	-11,080
OPERATING PROFIT/LOSS	973	-209	763	635
Financial income	4	–	4	3
Financial expenses	-421	360	-61	-72
PROFIT/LOSS BEFORE TAX	556	151	707	566

Financial statements Parent Company

PARENT COMPANY INCOME STATEMENT

(SEK M)	NOTE	2019/20	2018/19
Net sales	M2	8	5
Other external expenses	M2, M4	-8	-7
Personnel expenses	M3	-17	-17
OPERATING PROFIT/LOSS		-17	-19
Interest income and similar items	M5	12	17
Interest expense and similar items	M6	-31	-32
Profit/loss after financial items		-36	-34
APPROPRIATIONS			
Group contributions received		100	34
		100	34
PROFIT/LOSS BEFORE TAX		64	0
Taxes	M7	-14	0
PROFIT FOR THE YEAR		50	0

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

(SEK M)	NOTE	2019/20	2018/19
Profit for the year		50	0
Other comprehensive income		-	-
COMPREHENSIVE INCOME FOR THE YEAR		50	0

PARENT COMPANY BALANCE SHEET | ASSETS

(SEK M)	NOTE	30 JUNE 2020	30 JUNE 2019
NON-CURRENT ASSETS			
NON-CURRENT FINANCIAL ASSETS			
Participations in Group companies	M8	3,261	2,247
TOTAL NON-CURRENT ASSETS		3,261	2,247
CURRENT ASSETS			
CURRENT RECEIVABLES			
Receivables from Group companies		2,837	3,852
Current tax assets		0	1
Other receivables		2	0
Prepaid expenses and accrued income		1	1
TOTAL CURRENT RECEIVABLES		2,840	3,853
CASH AND BANK BALANCES		303	329
TOTAL CURRENT ASSETS		3,143	4,182
TOTAL ASSETS		6,405	6,430

PARENT COMPANY BALANCE SHEET | SHAREHOLDERS' EQUITY AND LIABILITIES

(SEK M)	NOTE	30 JUNE 2020	30 JUNE 2019
EQUITY			
RESTRICTED EQUITY			
Share capital	M9	106	105
TOTAL RESTRICTED EQUITY		106	105
NON-RESTRICTED EQUITY			
Share premium reserve		2,612	2,608
Retained earnings		-45	25
Profit for the year		50	0
TOTAL NON-RESTRICTED EQUITY		2,618	2,633
TOTAL EQUITY		2,723	2,738
NON-CURRENT LIABILITIES			
Non-current liabilities to credit institutions	M10	783	927
Other non-current liabilities	M10	18	17
TOTAL NON-CURRENT LIABILITIES		801	943
CURRENT LIABILITIES			
Liabilities to credit institutions	M10	150	400
Accounts payable		2	0
Liabilities to Group companies		2,701	2,333
Other liabilities		2	1
Accrued expenses and deferred income		12	14
TOTAL CURRENT LIABILITIES		2,880	2,748
TOTAL EQUITY AND LIABILITIES		6,405	6,430

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

(SEK M)	RESTRICTED EQUITY		NON-RESTRICTED EQUITY	EQUITY
	Share capital (Note M9)	Share premium reserve	Retained earnings	Total equity
OPENING BALANCE, 1 JULY 2018	105	2,605	25	2,735
Profit/loss for the year and comprehensive income			0	0
Comprehensive income for the year	–	–	0	0
Transactions with owners				
Issue of convertible bonds	–	2	–	2
Share-matching plan*	–	1	–	1
TOTAL TRANSACTIONS WITH OWNERS	–	3	–	3
CLOSING BALANCE, 30 JUNE 2019	105	2,608	25	2,738
Profit/loss for the year and comprehensive income			50	50
Comprehensive income for the year	–	–	50	50
Merger difference	–	–	62	62
Transactions with owners				
New share issue	0	4	–	4
Dividend paid	–	–	-132	-132
Share-matching plan**	–	0	–	0
TOTAL TRANSACTIONS WITH OWNERS	0	4	-132	-127
CLOSING BALANCE, 30 JUNE 2020	106	2,612	6	2,723

*The Group's share matching plan and warrant programme are described in Note K5.

PARENT COMPANY CASH FLOW

(SEK M)	NOTE	2019/20	2018/19
CASH FLOW FROM OPERATING ACTIVITIES			
Operating profit/loss		-17	-19
Adjustment for non-cash items		1	0
Income tax paid		0	0
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		-17	-20
<i>Cash flow from changes in working capital</i>			
Change in operating receivables		138	-1,074
Change in operating liabilities		369	-236
CASH FLOW FROM OPERATING ACTIVITIES		490	-1,329
<i>Financing activities</i>			
Interest received		0	0
Interest paid		-23	-25
New share issue	M9	4	–
Issue of convertible loans		–	20
Dividend paid		-132	–
Group contributions received		34	37
New borrowings		–	1,383
Amortisation of loans	M10	-400	-150
CASH FLOW FROM FINANCING ACTIVITIES		-517	1,265
Cash flow for the year		-27	-65
Cash and cash equivalents at beginning of year		329	394
CASH AND CASH EQUIVALENTS AT END OF YEAR		303	329

Notes

Parent Company

M1: Significant accounting policies

The Parent Company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's Recommendation RFR 2, Accounting for Legal Entities. Under RFR 2, the Parent Company is required in accounting for the legal entity to apply all IFRS adopted by, and statements from, the EU as far as is possible within the framework of the Swedish Accounts Act, the Swedish Pension Obligations Vesting Act and with due regard to the connection between accounting and taxation. The recommendation specifies the exemptions and supplements that should be applied.

The differences between the Group's accounting policies, as described in Note K1, and those of the Parent Company are set out below. The principles described have been applied consistently to all periods presented.

The Parent Company's accounting policies are unchanged.

Presentation of income statement and balance sheet

The financial statements include an income statement, statement of comprehensive income, balance sheet, statement of cash flows and a statement of changes in equity. The Parent Company uses the presentations described in the Annual Accounts Act for the income statement and balance sheet, whereas the statement of changes in equity and the statement of cash flows are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows.

Participations in Group companies

Participations in Group companies are recognised at cost less any impairment losses. An estimate of recoverable amount is made when there is an indication that shares and participations in subsidiaries have decreased in value. If the recoverable amount is lower than the carrying amount, an impairment loss is recognised. Impairment losses are reported under Income from participation in Group companies.

Financial instruments

With due account being taken of the correlation between accounting and taxation, the Parent Company does not apply IFRS 9 Financial Instruments. In the Parent Company, non-current financial assets are measured at cost less any impairment losses, while current financial assets are measured at cost or fair value, whichever is the lower. Financial liabilities recognised at amortised cost

Leases

In the Parent Company, any leases where the Parent Company is the lessee are recognised by expensing the lease payment on a straight-line basis over the term of the lease.

Group contributions and shareholder contributions

Shareholder contributions are recognised as an increase in the value of shares and participations in Group companies. An assessment is then made of whether any impairment has arisen in the value of the shares and participations in question. Group contributions paid and received are recognised as appropriations.

Dividends

Dividend receipts are recognised in the income statement when the shareholders' right to receive a dividend payment has been established.

Mergers

Mergers are accounted for in accordance with BFAR 1999:1 Mergers of Wholly Owned Subsidiaries.

M2: Intra-Group transactions

Of the Parent Company's income, SEK 8 million (5) consists of sales to other companies in the corporate group of which the Company is part.

The Parent Company's income consists of fees for services performed on behalf of the subsidiaries.

Of the Parent Company's expenses, SEK 1 million (0) consists of purchases from other Group companies.

M3: Salaries and other remuneration

SEK m.	2019/20	2018/19
Board of Directors and CEO		
Salaries and other remuneration	11	10
Pension expenses	2	2
Social security contributions	3	3
Sum total	16	15
Other employees		
Salaries and other remuneration	2	4
Pension expenses	1	1
Social security contributions	1	1
Sum total	4	6
Total	20	20

AVERAGE NUMBER OF EMPLOYEES

	2019/20	2018/19
Women	1	1
Men	1	1
Sum total	2	2

M4: Fees to auditors

SEK m.	2019/20	2018/19
PWC AB		
Auditing	1	1
Auditing services over and above audit assignment	0	–
Tax advisory services	0	–
Other services	1	0
Sum total	1	1

Auditing fees consists of the fees paid for statutory auditing of the annual accounts and the accounting records, and of the administration by the Board of Directors, and for advisory services provided in connection with observations arising from the audit.

M5: Interest income and similar items

SEK m.	2019/20	2018/19
Interest income	0	0
Interest income from Group companies	12	17
INTEREST INCOME AND SIMILAR ITEMS	12	17

M6: Interest expense and similar items

SEK m.	2019/20	2018/19
Interest expense	-21	-5
Interest expense to Group companies	0	-17
Borrowing costs*	-7	-7
Bank charges and similar	-	-3
INTEREST EXPENSE AND SIMILAR ITEMS	-31	-32

*Setup charges for new loans are expensed over the term of the loan. During the financial year, the scheduled amortisation of capitalised borrowing costs totalled SEK 7 million (7).

M7: Taxes

RECONCILIATION OF EFFECTIVE TAX

SEK m.	2019/20	2018/19
Net profit/loss, before tax	64	0
Tax at current tax rate (21.4%)	14	0
TAX EXPENSE RECOGNISED	14	0

M8: Shares and participations in Group companies

SHARES AND PARTICIPATIONS

The Parent Company holds shares in ACM 2001 AB following the merger with AcadeMedia Group AB effective 1 June 2020. It also has a number of indirectly owned subsidiaries, as per the list below. Subsidiaries operate in Sweden, Norway and Germany. All subsidiaries are wholly owned, directly or indirectly, 100 percent, by the Parent Company.

SEK m.	2019/20	2018/19
Carrying amount, opening balance	2,247	2,247
Mergers	1,014	-
CARRYING AMOUNT, CLOSING BALANCE	3,261	2,247

Subsidiary	Corp. reg. no.	Registered office	Percentage holding	Number of shares	Nominal value	Book value
2020: ACM 2001 AB	556057-2850	Stockholm	100%	12,041,246	2	3,261

INDIRECT OWNERSHIP OF SUBSIDIARIES IN THE GROUP, AS PER 30 JUNE 2020

	Corp. reg. no.	Registered office	Percentage of capital	Number of shares	Nominal value
Anew Learning AB	556402-8925	Stockholm	100%	10,000	10
AcadeMedia Eductus AB	556527-4007	Stockholm	100%	20,000	100
NTI Gymnasiet Macro AB (formerly Nordens Teknikerinstitut AB (NTI))	556120-3679	Stockholm	100%	10,000	100
KLARA Gymnasium Kunskap AB (formerly Klaragymnasium AB)	556630-3938	Stockholm	100%	1,000	100
Ljud & Bildskolan LBS AB	556485-1649	Stockholm	100%	10,000	100
DBGY Kronan AB (formerly Drottning Blankas Gymnasieskola AB)	556566-8794	Stockholm	100%	4,000	100
KLARA Gymnasium Bildning AB (formerly Hermods Gymnasium AB)	556528-6696	Stockholm	100%	2,800	100
Hermods Design & Construction College AB	556982-8451	Stockholm	100%	50,000	1
KLARA Gymnasium Lärande AB (formerly Mikael Elias Gymnasium AB)	556558-3282	Stockholm	100%	250,000	1
ProCivitas Privata Gymnasium AB	556615-7102	Stockholm	100%	1,000	100
Plushögskolan AB	556495-5853	Gothenburg	100%	1,000	100
DBGY Juvelen AB (formerly Plusgymnasiet AB)	556578-9129	Stockholm	100%	1,000	100
Pysslingen Förskolor och Skolor AB	556035-4309	Stockholm	100%	90,000	100

Söder Triaden Förskolor AB	556468-5955	Stockholm	100%	102	1,000
AcadeMedia Support AB	556568-8479	Stockholm	100%	1,000	100
Primaskolan i Sverige AB	556557-0958	Stockholm	100%	4,000	100
Didaktus Skolor AB	556473-2856	Stockholm	100%	4,300	50
Didaktus Utbildningar AB	556645-3626	Stockholm	100%	2,000	50
NTI-skolan AB	556709-8057	Stockholm	100%	2,000	100
NTI Gymnasiet Ellips AB (formerly IT Gymnasiet Sverige AB)	556597-0471	Stockholm	100%	6,000	100
Framtidsgymnasiet i Göteborg AB	556478-1606	Stockholm	100%	1,000	100
Framtidsgymnasiet i Sverige AB	556575-5500	Stockholm	100%	1,000	100
Framtidsgymnasiet Öst AB	556530-4481	Stockholm	100%	6,999	100
Rytmus AB	556464-8979	Stockholm	100%	8,000	100
Sjölinns Gymnasium AB	556375-8399	Stockholm	100%	500	1,000
Vittraskolorna AB	556458-6716	Stockholm	100%	1,000	100
AcadeMedia fria grundskolor AB	556932-0699	Stockholm	100%	50,000	1
Designgymnasiet i Sverige AB (formerly Nya Designgymnasiet i Nacka AB)	556932-0681	Stockholm	100%	50,000	1
Hammarby Förskolor AB	556629-2537	Stockholm	100%	1,000	100
Kastanjelunden Förskola AB	556755-0032	Stockholm	100%	1,000	100
Färjan AB	556768-0631	Stockholm	100%	1,000	100
Norrskanets Friskola Luleå AB	559045-5076	Stockholm	100%	50,000	1
Kungsholmens Förskola AB	559042-7000	Stockholm	100%	500	100
Sofiero Förskola AB	556555-3079	Stockholm	100%	1,000	100
Åsöbergets Förskola AB	556476-5609	Stockholm	100%	1,000	100
Växthuset förskola i Mölndal AB	556780-2714	Stockholm	100%	1,000	100
Kompetensutvecklingsinstitutet Sverige AB	556355-7395	Stockholm	100%	1,000	100
Hermods AB	556044-0017	Stockholm	100%	11,000	1,000
EC Utbildning AB	556626-4387	Karlskrona	100%	1,000	100
Coaching och utveckling i Sverige AB	556820-7673	Stockholm	100%	500	100
TGA Utbildning AB	556575-3901	Stockholm	100%	1,000	100
Utbildningsborgen i Örebro AB	556442-1328	Örebro	100%	5,000	100
Sälj och Marknadshögskolan i Sverige AB	556518-9361	Stockholm	100%	1,000	100
Limhamns Förskola AB	556483-3829	Stockholm	100%	878	178
Kringlaskolan AB	556773-4065	Stockholm	100%	1,000	100
Bikupan i Östersund AB	556867-6695	Stockholm	100%	500	100
Guldkusten AB	556983-1430	Stockholm	100%	500	100
Vindora Holding AB	556861-7079	Gothenburg	100%	2,414,622,329	0.01
Vindora Utbildning AB	556735-0110	Gothenburg	100%	1,000	100
Praktiska Sverige AB	556257-5786	Gothenburg	100%	1,000	100
Movant AB	556526-5005	Gothenburg	100%	1,000	100
Hagströmska Gymnasiet AB	556755-0461	Falun	100%	1,000	100
NTI Gymnasiet Helix AB (formerly Helixutbildningar AB)	556674-7290	Stockholm	100%	1,000	100
Förskolan Moroten AB	556450-3612	Stockholm	100%	1,000	100
Pålsjö Skogs Förskola AB	556451-3587	Stockholm	100%	1,230	100
Pops Academy AB	556958-3197	Stockholm	100%	1,000	50
Banérporten AB	556442-1724	Stockholm	100%	1,000	100
Banérporten Förskolor AB	556994-3565	Stockholm	100%	500	100
Banérportsskolan AB	556606-4001	Stockholm	100%	2,000	100
TO i Sverige AB	556606-7855	Stockholm	100%	1,000	100

INDIRECT OWNERSHIP OF SUBSIDIARIES IN THE GROUP, AS PER 30 JUNE 2020

	Corp. reg. no.	Registered office	Percentage of capital	Number of shares	Nominal value
Espira Holding AS	913192281	Karmøy	100%	30	100,000
Espira Gruppen AS	991926577	Karmøy	100%	54,630,000	0.1
Espira Barnehager AS	985072825	Karmøy	100%	100	1,000
Espira Eiendom AS	992642734	Karmøy	100%	100	1,000
Espira Akademiet AS	966825855	Karmøy	100%	920	152
Espira Bjørgene AS	988440418	Karmøy	100%	100	1,000
Espira Blakstad AS	996987329	Karmøy	100%	100	1,000
Espira Brådalsfjellet AS	988711896	Karmøy	100%	100	1,000
Espira Dragerskogen AS	990652899	Karmøy	100%	100	1,000
Espira Dvergsnes AS	991126627	Karmøy	100%	100	1,000
Espira Eikenga AS	817350232	Karmøy	100%	62	2,935
Espira Evje AS	996987337	Karmøy	100%	100	1,000
Espira Fenstad AS	987762780	Karmøy	100%	100	1,000
Espira Garhaug AS	986916490	Karmøy	100%	100	1,000
Espira Gjemble AS	983089909	Karmøy	100%	100	1,000
Espira Gullhella AS	985462437	Karmøy	100%	100	1,000
Espira Gåserud AS	985030006	Karmøy	100%	100	1,000
Espira Halsnøy Kloster AS	990797722	Karmøy	100%	100	1,000
Espira Helldalsåsen AS	985311374	Karmøy	100%	100	1,000
Espira Høytorp Fort AS	988711918	Karmøy	100%	100	1,000
Espira Kløverenga AS	988067547	Karmøy	100%	100	1,000
Espira Knerten AS	979339828	Karmøy	100%	210	1,000
Espira Kniveåsen AS	990343063	Karmøy	100%	100	1,000
Espira Krystallveien AS	992419938	Karmøy	100%	100	1,000
Espira Kuventræ AS	989838563	Karmøy	100%	100	1,000
Espira Litlasund AS	992061472	Karmøy	100%	100	1,000
Espira Løvestad AS	992823690	Karmøy	100%	100	1,000
Espira Marthahaugen AS	990036888	Karmøy	100%	100	1,000
Espira Myraskogen AS	992061448	Karmøy	100%	100	1,000
Espira Nordmo AS	985311366	Karmøy	100%	100	1,000
Espira Opaker AS	992081066	Karmøy	100%	100	1,000
Espira Opsahl AS	985797625	Karmøy	100%	100	1,000
Espira Oslo Barnehagedrift AS	914945577	Karmøy	100%	100	1,000
Espira Ormdalen AS	992420189	Karmøy	100%	100	1,000
Espira Rambjøra AS	986916512	Karmøy	100%	100	1,000
Espira Ree AS	989544489	Karmøy	100%	100	1,000
Espira Romholt AS	888440402	Karmøy	100%	100	1,000
Espira Rubbestadneset AS	991996605	Karmøy	100%	100	1,000
Espira Rå AS	989932543	Karmøy	100%	100	1,000
Espira Salamonskogen AS	989512811	Karmøy	100%	100	1,000
Espira Skjeraberget AS	917350140	Karmøy	100%	67	1,000
Espira Skolegata AS	986916644	Karmøy	100%	100	1,000
Espira Skåredalen AS	992061529	Karmøy	100%	100	1,000
Espira Snurrefjellet AS	986916563	Karmøy	100%	100	1,000
Espira Solknatten AS	990652813	Karmøy	100%	100	1,000
Espira Stongafjellet AS	989838512	Karmøy	100%	100	1,000
Espira Sundbyfoss AS	994310623	Karmøy	100%	100	1,000
Espira Taremareby AS	917350183	Karmøy	100%	630	500
Espira Tjøsvoll AS	992062002	Karmøy	100%	100	1,000
Espira Torsbergskogen AS	991361642	Karmøy	100%	100	1,000
Espira Ulsetskogen AS	991127402	Karmøy	100%	100	1,000
Espira Vagletjørn AS	989838482	Karmøy	100%	100	1,000

Espira Vannverksdammen AS	990342598	Karmøy	100%	100	1,000
Espira Vanse AS	988263095	Karmøy	100%	100	1,000
Espira Veldetun AS	985462372	Karmøy	100%	100	1,000
Espira Østrem AS	986916555	Karmøy	100%	100	1,000
Espira Åbol AS	992823585	Karmøy	100%	100	1,000
Espira Århaug AS	988067644	Karmøy	100%	100	1,000
Engelsrudhagen Barnehetomt AS	913981464	Karmøy	100%	216,828	1
Karmsund Barnehage AS	990586152	Karmøy	100%	100	1,000
Nordjordet Barnehage AS	992184337	Karmøy	100%	100	1,000
Skogen Barnehage AS	992420243	Karmøy	100%	100	1,000
Søndre Kleivan Barnehage AS	990050937	Karmøy	100%	100	1,000
Espira Varbak Arcen AS	890015492	Karmøy	100%	100	1,000
Espira Stansa AS	912980219	Karmøy	100%	73,818	1
Espira Scala Tasta AS	988201170	Karmøy	100%	100	1,000
Espira Scala Hundvåg AS	988201030	Karmøy	100%	100	1,000
Espira Rødknappen AS	994751530	Karmøy	100%	100	1,000
Espira Jeløy AS	986977651	Karmøy	100%	100	11,020
Espira Kulturstien AS	989557718	Karmøy	100%	10,000	10
Espira Lindesnes AS	914760224	Karmøy	100%	1,000	100
Tomm Murstad Friluftsbarnhage AS	998143969	Karmøy	100%	50,000	1
Espira Stjørdal AS (formerly Fossilbekken Barnehage AS)	919307579	Karmøy	100%	100	1,000
Espira Muruvik AS	919307595	Karmøy	100%	100	1,000
Espira Kystad Gård AS	919307617	Karmøy	100%	100	1,000
Espira Casa Musica Barnehage AS	984084358	Karmøy	100%	100	1,000
Espira Tastarustå AS	915657087	Karmøy	100%	5,000	10

M9: Equity

SHARE CAPITAL	NUMBER	SEK
Ordinary share	105,300,103	105,300,103
Class C share	248,242	248,242

For further information regarding the share capital, see Note K24.

M10: Interest-bearing liabilities

INTEREST-BEARING LIABILITIES

SEK m.	30 JUNE 2020	30 JUNE 2019
Liabilities to credit institutions	933	1,327
Convertible bonds	18	17
	951	1,344

Of the liabilities, SEK 150 million (400) matures within one year and SEK 807 million (957) between two and five years. The difference to what is recognised on the balance sheet is made up of the accrued acquisition cost of the loans and the discount for the balance of the convertible loan.

M11: Mergers

During the year, the Parent Company merged with the wholly-owned subsidiaries AcaceMedia Group AB (corp. reg. no. 556806-1269) and ACM 2010 AB (corp. reg. no. 556805-2051). The income statements and balance sheets for each subsidiary on the date of merger, 1 June 2020, are shown below.

SEK m.	AcaceMedia Group AB	ACM 2010 AB
Net sales	0	0
Operating profit/loss	-6	0
Profit/loss after financial items	-6	-2
Non-current assets	2,179	3,261
Current assets	94	0
Liabilities	0	-1,055

The mergers are accounted for in accordance with BFNAR 1999:1 Mergers of wholly-owned subsidiaries.

M12: Post balance sheet events

No significant event have occurred after the end of the financial year.

M13: Appropriation of profits

THE FOLLOWING UNRESTRICTED EQUITY IS AVAILABLE FOR APPROPRIATION BY THE AGM	SEK
Retained earnings	2,567,186,080
Profit for the year	50,443,826
SUM TOTAL	2,617,629,906
The Board proposes that the retained earnings be appropriated as follows:	
Dividend to shareholders (SEK 1.50 per share)	157,950,155
To be carried forward	2,459,679,752
SUM TOTAL	2,617,629,906

Signatures of the Board of Directors

The Board of Directors and the CEO hereby provide an assurance that the consolidated accounts and annual accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and generally accepted accounting standards, and provide a fair and true view of the Group's and the Parent Company's financial position and results, and that the Administration Report provides a true and fair overview of the development of the Group's and the Parent Company's operations, financial position and results, and describes material risks and uncertainties faced by the companies in the Group. The undersigned also hereby submit the sustainability report on pages 26-53.

Stockholm, 22 October 2020

Anders Bülow
Chairman

Marcus Strömberg
Chief Executive Officer

Silvija Seres
Board member

Johan Andersson
Board member

Pia Rudengren
Board member

Anki Bystedt
Board member

Håkan Sörman
Board member

Anders Lövgren
*Employee
representative*

Sofia Lundström
*Employee
representative*

We submitted our audit report on 22 October 2020.

PricewaterhouseCoopers AB

Patrik Adolfson
Authorised Public Accountant

Eva Medbrant
*Authorised Public Accountant
Principal auditor*

Audit Report

To the annual meeting of shareholders of AcadeMedia AB, corporate registration number 556846-0231

Report on the annual accounts and consolidated accounts

OPINIONS

We conducted an audit of the annual accounts and consolidated accounts of AcadeMedia AB (publ) for the financial year 1 July 2019 – 30 June 2020 with the exception of the corporate governance report on pages 67-71. The annual accounts and consolidated accounts of the company are included on pages 54-115 of this document.

In our opinion, the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 30 June 2020 and of its financial performance and its cash flow for the year then ended, in accordance with the Swedish Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 30 June 2020 and of its financial performance and cash flow for the year, in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet of the parent company and the group.

Our statements in this report on the annual accounts and consolidated accounts are consistent with the content of the supplementary report that was submitted to the parent company's audit committee in accordance with Article 11 of the EU's Audit Regulation (Regulation (EU) No 537/2014).

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This means that, based on our best knowledge and belief, no prohibited services referred to in Article 5 (1) of Regulation (537/2014 EU Audit Regulation) have been provided to the audited company or, where applicable, its parent company or its controlled company in the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OUR AUDIT APPROACH

FOCUS AND SCOPE OF THE AUDIT

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management had made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We adapted the focus and scope of our audit, taking into account the structure of the AcadeMedia Group and the internal control environment, to enable us to provide an audit report on the annual accounts and the consolidated financial statements as a whole.

AcadeMedia is the largest education group in the Nordic region and has operations in Sweden, Norway and Germany. As of 30 June 2020, the business was conducted via 140 legal entities. The

large number of legal entities is due to the acquisition of the businesses by the group and legal regulations that restrict the possibility of relocating operations. We conduct a statutory audit of all legal entities in Sweden and Norway, and for group purposes we review the most significant entities in the group and the parent company. The operations in Sweden and Norway account for 96 percent of the group's sales and the majority of the group's total assets. The audit included the following activities:

- Review of internal control of financial reporting, procedures and processes based on assessed risks;
- Limited review of the accounts as at 31 March 2020 with the aim of issuing a limited review report; and
- Audit of the annual accounts as at 30 June 2020, focusing on measurement of goodwill, recognition of revenue and personnel expenses, acquisition analyses and integration relating to acquisitions, restructuring reserves and assessment of reporting and disclosure regarding disputes. Furthermore, the impact of COVID-19 on financial reporting and related information has been analysed and taken into account in the audit.
- Final audit procedures required to issue this audit report on the annual accounts of the parent company and the group and, where applicable, other legal entities. In addition, procedures are also performed to enable us to issue our opinion on compliance with guidelines for senior executives, as well as the corporate governance and sustainability reports of the parent company.

The review was conducted by an audit team affiliated to the PwC network. The work was performed in accordance with the local audit requirements of each country, as well as specific instructions related to the group audit. Regarding the operation in Germany, the group audit team carried out an analytical review and other review procedures. In addition, the principal auditor and assistant auditor conducted digital meetings during the year with the Norwegian and German operations since we were not able to visit in person in these countries due to the Covid-19 pandemic. The purpose of these meetings was to gain an understanding of activities in the units visited and to understand the procedures and controls in order to evaluate internal control and to conduct a limited review of the financial statements based on the group's accounting principles.

MATERIALITY

The scope of our audit was influenced by our assessment of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the focus and scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

KEY AUDIT MATTER

Key audit matters in the audit are those that, in our professional judgement, were of most significance in our audit of the annual accounts and consolidated accounts for 1 July 2019 to 30 June 2020. These matters were addressed in the context of our audit of, and in forming our opinion on, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.



KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
<p><i>Measurement of goodwill and other intangible assets</i></p>	
<p><i>We refer to the Notes 1 General information, accounting and valuation principles, which contains information on important estimates and assumptions for accounting purposes, K15 Intangible assets and K16 Impairment testing.</i></p>	
<p>Goodwill represents an important component of the AcadeMedia Group's total assets and amounts to SEK 5,952 million as of 30 June 2020 (36% of total assets). Brands are valued at around SEK 210 million at the same point in time. The items are subject to the assessment and assumptions of management, and because of their materiality have been deemed to be a key audit matter in the audit.</p>	<p>In the impairment test for goodwill and other acquisition-related intangible assets, to ensure the valuation and accuracy we performed the following audit measures:</p> <ul style="list-style-type: none"> • In the assessment of the assumptions, which are presented in Note K16 Impairment testing, we have engaged PwC's experts in valuation to test and assess the models and methodology that were used, as well as significant assumptions.
<p>Management and the board of directors conduct annual impairment testing of the value of goodwill and brands with an indefinite useful life. The purpose of impairment testing is to determine whether an asset is impaired, i.e. whether the book value (carrying amount) exceeds the assessed fair value (recoverable amount).</p>	<ul style="list-style-type: none"> • On a random sample basis, we tested, evaluated and challenged the information used in the calculations versus AcadeMedia's financial plan and, where possible, external information. We then focused on the assumed growth rates, development of margins and the discount rate for each cash generating unit. We also reviewed the accuracy and inherent quality of the company's process for preparing business plans and financial plans based on historical outcomes.
<p>During the year the model and methodology for testing goodwill and other assets with indefinite useful lives has been assessed in order to apply a consistent model throughout the Group and to adapt it to the new lease standard, IFRS 16. The calculated value is based on the budgets and forecasts approved by the board of directors for the next ten years. The cash flows from the years beyond the next five years are extrapolated on the basis of the business plan. The process thus includes assumptions that gain material significance to impairment testing. These assumptions include sales growth, development of margins and the discount rate (WACC).</p>	<ul style="list-style-type: none"> • We checked the sensitivity of the valuation to negative changes in key parameters that, on an individual or aggregate basis, could result in an impairment requirement. • We judged that the disclosures provided in the annual report are correct, based on the test of valuation conducted, particularly as regards the information on the sensitivity of the valuations
<p>The value resulting from the test corresponds to the value of discounted cash flows for identified cash-generating units.</p>	<ul style="list-style-type: none"> • We compared the disclosures provided in the financial statements with IAS 36 requirements and found that they were fulfilled in all material respects.
<p>Even if a unit passes the impairment test, future developments that deviate negatively from the assumptions and assessments on which the review was based may lead to a need for impairment. Valuation of the company's operations is most sensitive regarding future earnings in the newly acquired operations in Norway and Germany.</p>	<ul style="list-style-type: none"> • We evaluated AcadeMedia's assessment regarding political risk and limitations to profits in the welfare sector as reported in the section Risk and risk management in the Administration Report, as well as Note 1, which addresses important estimates and assessments for accounting purposes.
<p>Furthermore, the assumptions are affected by the uncertainty of political decisions that could be made affecting staffing, quality, profits etc., as described in Note K1, which addresses important estimates and assessments for accounting purposes.</p>	<p>Based on our audit we conclude that AcadeMedia's assumptions fall within an acceptable interval. In addition to this disclosure requirement, the information in Note K16 addresses assumptions and risks where changes in assumptions entail or could entail a need for an impairment write-down.</p>
<p>AcadeMedia's conclusion, based on the best estimate and the information that was available when the annual impairment test was performed, is that there was no impairment of the assets referred to above as of 30 June 2020.</p>	

KEY AUDIT MATTER**HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER***Implementation of IFRS 16 Leases and application of IFRS 16 Leases during the financial year*

We refer to the notes K1 General information, accounting and valuation principles, which contains information on important estimates and assumptions for accounting purposes, K18 Right-of-use-assets and K31 Transition to IFRS 16 Leases.

IFRS 16, Leases, came into force on 1 January 2019 and superseded earlier accounting standards. Implementation of the standard means that essentially all leases will be recognised on the balance sheet, as there is no longer any distinction made between operating leases and finance leases. IFRS 16 requires assets and liabilities attributable to leases, unless the lease term is twelve months or less or the underlying asset is of low value, to be recognised as assets and liabilities on the balance sheet. AcadeMedia has elected to apply the new accounting standard prospectively and therefore has not restated earlier reporting periods.

As a result of the implementation of IFRS 16 Leases, right-of-use assets and lease liabilities of SEK 7,026 million were recognised in the opening balance on 1 January 2019. This, and the effects of this recognition in 2019/2020, are further described in the notes specified above.

Accounting in accordance with IFRS 16 has nearly doubled total assets, has material impact on the income statement and is based on a number of material estimates concerning matters including discount rates, lease terms (and related management of extension clauses) and vacant space.

Considering the material impact on AcadeMedia's accounts and the critical judgements upon which the accounts are based, the implementation of IFRS 16 and accounting in accordance with the standard constitute a Key Audit Matter in our audit.

In our audit for 2019/2020, we maintained special focus on the implementation of IFRS 16 Leases and the subsequent accounting to verify the application of the new accounting standard. Below are some of the audit procedures we performed regarding the opening balance and the 2019/2020 financial year:

- We formed an understanding of AcadeMedia's process for implementing IFRS 16 as of the opening balance date and subsequent accounting.
- On a random basis, we examined and checked calculations used to support the recognition of right-of-use assets and lease liabilities.
- We reconciled input data in calculations against leases or other supporting data.
- We ascertained AcadeMedia's judgements, including the discount rates used and application of option clauses in leases, and examined the same.

In addition to the above, our procedures included:

- Examination of the accounting policies introduced and verification against IFRS 16 Leases
- Examination of the restated opening balance 2019/2020, including disclosures provided in the notes to the accounts
- Examination of accounting in 2019/2020 and verification against implemented accounting policies
- Examination of procedures and internal controls implemented in 2019/2020 to verify correct handling of accounting under IFRS 16 Leases.

An assessment of AcadeMedia's policies for posting impairment losses for any indication of impairment of recognised right-of-use assets is described below under the Key Audit Matter "Management's judgements concerning provisions for onerous contracts and impairment of right-of-use assets".

In our audit, we have reported to the Audit Committee that AcadeMedia has good procedures for IFRS 16 and that the applied assumptions upon which the accounting was based were found to be reasonable.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
<i>Management's judgements concerning provisions for onerous contracts and impairment of right-of-use assets.</i>	
<i>We refer to notes K1 General information, accounting and valuation policies, K18 Right-of-use assets, K24 Other provisions and K25 Accrued expenses and deferred income.</i>	
<p>Management's judgements concerning provisions for onerous contracts and impairment of right-of-use assets.</p>	<p>In our audit, we focused in particular on examining management's assessments of onerous contracts in order to verify completeness, accuracy and measurement. The audit procedures we performed during the 2019/2020 financial year included the following:</p>
<p>We refer to notes K1 General information, accounting and valuation policies, K18 Right-of-use assets, K24 Other provisions and K25 Accrued expenses and deferred income.</p>	<ul style="list-style-type: none"> • We examined AcadeMedia's monitoring and closing accounts procedures to verify that internal controls are in place to account for provisions for restructuring and onerous contracts if required under IAS 37 Provisions and that right-of-use assets have been impaired if a permanent decline in value is found to exist. • We analysed and discussed the follow-up and documentation that AcadeMedia prepares for onerous contracts as well as for restructuring. A description of the current situation, activities to achieve profitability and a forecast period for the time until the unit is expected to make a profit is attached here. • We followed up profit and loss outcomes and future forecasts pertaining to units compared to internal reports, and evaluated the forecast reliability of future forecasts jointly with the responsible individuals at AcadeMedia. • We evaluated AcadeMedia's policies for making provisions against potential losses attributable to restructuring as well as losses against the requirements found in IAS 37 Provisions, and the same with regard to the need to impair right-of-use assets against the requirements found in IAS 36 Impairment of Assets.
<p>Assumptions and judgements that serve as the basis of provisions for onerous contracts or similar commitments (in the following "onerous contracts") and any need to impair right-of-use assets. AcadeMedia has around 660 units in its operations, including both mature units and startups. The results for such units range from negative to positive, according to whether a unit is in a development stage, and/or to various other factors. In the event that a commitment, legal or constructive, is going to lead to future losses, under IAS 37 Provisions a provision must be recognised for the losses that are expected to arise after the reporting date and until termination of the contract. In the event that the losses are related to right-of-use assets, an impairment charge of must be taken for those assets instead of a provision being reported.</p>	<p>In our audit, we reported observations to the Audit Committee regarding the accounting of provisions for onerous contracts and impairment of right-of-use assets. In our view, AcadeMedia's assumptions on which provision for onerous contracts and impairments of right-of-use assets are based are within an acceptable range.</p>
<p>AcadeMedia monitors the profit and position of all units on a monthly basis and makes judgments and forecasts for the future. Based on these judgments, AcadeMedia determines whether a provision or impairment should be reported.</p>	
<p>According to the notes above, there were provisions for restructuring of a total of SEK 39 million, which in part include this exposure. Although these items are not significant in relation to AcadeMedia's financial position, we find that the reporting of underlying judgements is a Key Audit Matter.</p>	

KEY AUDIT MATTER**HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER**

Procedures and processes, as well as recognition of personnel-related expenses

We refer to Notes K1 General information, accounting and valuation principles, K5 Personnel expenses, K6 Pensions and K25 Accrued expenses and deferred income.

AcadeMedia has around 17,600 employees in its subsidiaries. Personnel expenses account for just over 67% of AcadeMedia's operating expenses. This is thus the most significant expense item in AcadeMedia's consolidated income statement. Personnel costs consist of both wages and other remuneration, including variable remuneration, as well as directly attributable taxes and social security contributions. The risk in these items relates to their completeness, as well as their being correctly calculated, properly accrued and properly measured. There is also an inherent complexity in payroll management, since the various personnel groups are covered by different employment contracts and collective agreements, which in turn give rise to differences in how salaries, other remuneration and benefits are to be calculated.

In order to pay salaries to 17,600 employees each month, or in some cases more frequently, there must be efficient procedures and processes to calculate and check the salaries and remuneration to be paid.

Our audit is based both on an evaluation of internal controls and on substantive testing of revenues and other analysis measures, including systems-based transaction analyses of certain balance sheet and income statement items in key subsidiaries.

The review of key controls of financial reporting and income statement and balance sheet items was carried out on a random sample basis. Audit activities performed include the following:

- We checked significant accrued expenses and/or reserves for vacation pay liability, payroll liability, taxes and social security contributions, against information from the payroll system and management's calculations and assessments.
- We reviewed personnel expenses via analytical review measures including changes in expenses in the income statement, accrued expenses and reserves based on our knowledge, as well as through the use of database-related transaction analyses.

Nothing material emerged in these audit procedures that we reported to the management, the Audit Committee, or the Board.

Information other than the annual accounts and consolidated accounts

INFORMATION OTHER THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains information other than the annual accounts and the consolidated accounts and is provided on pages 2-53 and 122-127. The board of directors and the chief executive officer are responsible for this other information.

Our opinion regarding the annual accounts and consolidated accounts does not cover this information, and we make no statement of assurance regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure, we also take into account the knowledge we have otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If, on the basis of the work performed regarding this information, we conclude that such other information includes a material misstatement, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The Board of Directors and the Chief Executive Officer are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with IFRS, as adopted by the EU. The Board of Directors and the Chief Executive Officer are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Chief Executive Officer are responsible for the assessment of the ability of the Company to continue as a going concern. They disclose, as applicable, matters related to the ability to continue as a going concern and using the going concern basis of accounting. The going concern basis of accounting is, however, not applied if the board of directors and the chief executive officer intend to liquidate the company, cease operations or have no realistic alternative but to do so.

The board's audit committee shall, without prejudice to the board's responsibilities and duties, in particular monitor the company's financial reporting.

AUDITOR'S RESPONSIBILITIES

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to submit an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error, and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on the Supervisory Board of Public Accountants (Revisorsnamnden) website (www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf). This description is part of the auditor's report.

Report on other legal and regulatory requirements

OPINIONS

In addition to our audit of the annual accounts, we have also audited the administration by the board of directors and the chief executive officer of AcadeMedia AB (publ) for the financial year 1 July 2019 – 30 June 2020 and the proposed appropriation of the company's profit or loss.

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the board of directors and the chief executive officer be discharged from liability for the financial year.

BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The board of directors is responsible for the proposal for appropriation of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The board of directors is responsible for the company's organization and the administration of the company's affairs. This includes, among other things, continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a satisfactory manner. The chief executive officer shall manage the ongoing administration according to the board of directors' guidelines and instructions and among other matters take measures that are necessary to ensure that the company's accounting is performed in accordance with law and to ensure that the management of assets is conducted in a satisfactory manner.

AUDITOR'S RESPONSIBILITIES

Our objective concerning the audit of the administration, and thereby our opinion on discharge from liability, is to obtain audit evidence to judge with a reasonable degree of assurance whether any member of the board of directors or the chief executive officer in any material respect:

- has undertaken any action or been guilty of any omission that can give rise to liability to the Company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriation of the company's profit or loss, and thereby our opinion on this matter, is to assess with a reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriation of the company's profit or loss is not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on the Supervisory Board of Public Accountants (Revisorsnämnden) website (www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf). This description is part of the auditor's report.

AUDITOR'S REVIEW OF THE CORPORATE GOVERNANCE REPORT

The board of directors is responsible for the corporate governance report on pages 67-71 and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

Our review has been conducted in accordance with FAR's RevU 16 Auditor's Review of the Corporate Governance Report. This means that our review of the Corporate Governance Report has a different focus and is substantially lesser in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review provides a sufficient basis for our opinion.

A corporate governance report has been prepared. Disclosures in accordance with Chapter 6, section 6(2), items 2-6, and Chapter 7, section 31 (2) of the Annual Accounts Act are consistent with the other sections of the annual accounts and the consolidated annual accounts, as well as with the Annual Accounts Act.

PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed to serve as auditor by AcadeMedia ABs (publ) at the Annual General Meeting held on 26 November 2019 and has been the company's auditor since 24 November 2017.

Stockholm, 22 October 2020
PricewaterhouseCoopers AB

Patrik Adolfson
Authorised Public Accountant
Principal auditor

Eva Medbrant
Authorised Public Accountant

The share and shareholders

AcadeMedia shares have been listed in the Mid-Cap segment of Nasdaq Stockholm under the ticker symbol ACAD since 15 June 2016.

Dividend policy

AcadeMedia's main responsibility is to provide a quality education for the remuneration received. This shall be done as efficiently as possible. AcadeMedia's unrestricted cash flow will primarily be reinvested in the business in order to maintain high quality and to finance future growth. The surplus may be distributed to the shareholders, provided that AcadeMedia meets its targets as to quality and financial position.

Ownership structure and number of shares

The share capital as of 30 June 2020 was SEK 105,548,345, an increase of SEK 84,460 since 30 June 2019. The total number of shares was 105,548,345, represented by 105,300,103 ordinary shares and 248,242 Class C shares. The quota value is SEK 1.00 per share. The C shares are held by AcadeMedia and the voting rights represent 1/10th of the voting rights of the ordinary shares.

The largest shareholder was Mellby Gård AB, with 21.0 percent of the share capital.

In the second quarter, the number of shares and votes increased, following an issue of new shares on redemption of warrants in the warrant programme for members of Group management, as authorised at the extraordinary meeting of shareholders held on 1 June 2016 (the 2016 Warrant Programme). In total, the number of shares and votes increased by 84,460 ordinary shares and the same number of votes.

The number of ordinary shares in issue on 30 June 2020 was 105,300,103.

Share performance

Over the period 30 June 2019 to 30 June 2020, the AcadeMedia share rose by 20.5 percent. The total yield was 23.5 percent. In the same period, the Nasdaq Stockholm Mid Cap index rose 12.6 percent. The highest price paid for the shares during the period was SEK 66.2, the lowest SEK 41.1. On 30 June, AcadeMedia shares were listed at SEK 63.0, indicating a market capitalisation of SEK 6,634 million for the Company.

In the period 30 June 2019 to 30 June 2020, a total of 48,277,099 shares were traded, 46 percent of the shares outstanding. The average daily trading volume during that period was 191,576 shares.

Share facts, 30 June 2020

Market: Nasdaq Stockholm

Segment: Mid Cap

Sector: Retail

Ticker symbol: ACAD

ISIN code: SE0007897079

Total number of shares: 105,548,345

- **ordinary shares (listed):** 105,300,103

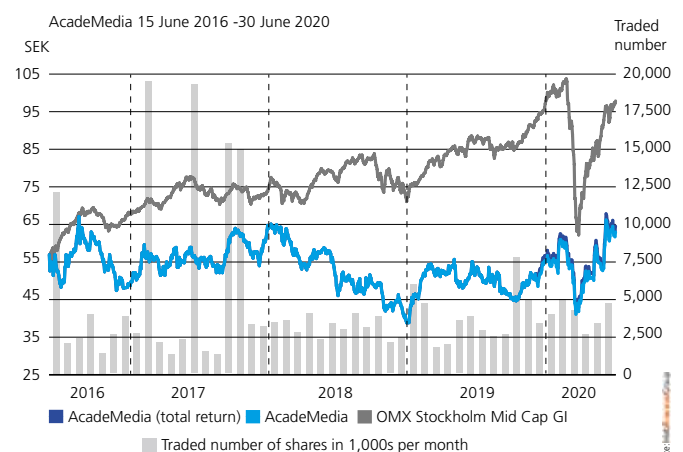
- **C class shares (unlisted):** 248,242

Market capitalisation: SEK 6,634 m

Average daily turnover: 191,576

Source: Nasdaq, Euroclear

Total return on AcadeMedia shares, 2016-2020

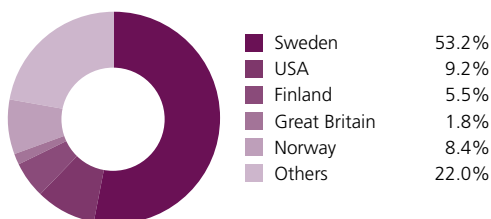


The 10 largest shareholders on 30 June 2020

Name	Number of ordinary shares	Number of Class C shares	Total number of shares	Share of equity, %	Share of votes, %	Share of equity, % 30 June 2019	Change
Rune Andersson (Mellby Gård)	22,178,141		22,178,141	21.0%	21.1%	21.0%	0.0 p.p.
Handelsbanken Fonder	9,133,992		9,133,992	8.7%	8.7%	4.3%	4.3 p.p.
Nordea Fonder	8,070,910		8,070,910	7.6%	7.7%	7.8%	-0.2 p.p.
Capital Group	7,897,375		7,897,375	7.5%	7.5%	1.8%	5.7 p.p.
Swedbank Robur Fonder	7,360,759		7,360,759	7.0%	7.0%	2.0%	5.0 p.p.
Länsförsäkringar Fonder	3,633,569		3,633,569	3.4%	3.4%	1.6%	1.8 p.p.
PRI Pensionsgaranti	3,225,000		3,225,000	3.1%	3.1%	2.9%	0.2 p.p.
Janus Henderson Investors	2,058,825		2,058,825	2.0%	2.0%	2.2%	-0.2 p.p.
Dimensional Fund Advisors	1,792,923		1,792,923	1.7%	1.7%	1.1%	0.6 p.p.
Kammarkollegiet (Swedish Legal, Financial and Administrative Services Agency)	1,687,044		1,687,044	1.6%	1.6%	1.6%	0.0 p.p.
Total, Top 10	67,038,538	0	67,038,538	63.5%	63.6%		
AcadeMedia	0	248,242	248,242	0.2%	0.0%		
Other	38,261,565		38,261,565	36.3%	36.4%		
Totalt	105 300 103	248 242	105 548 345	100%	100%		

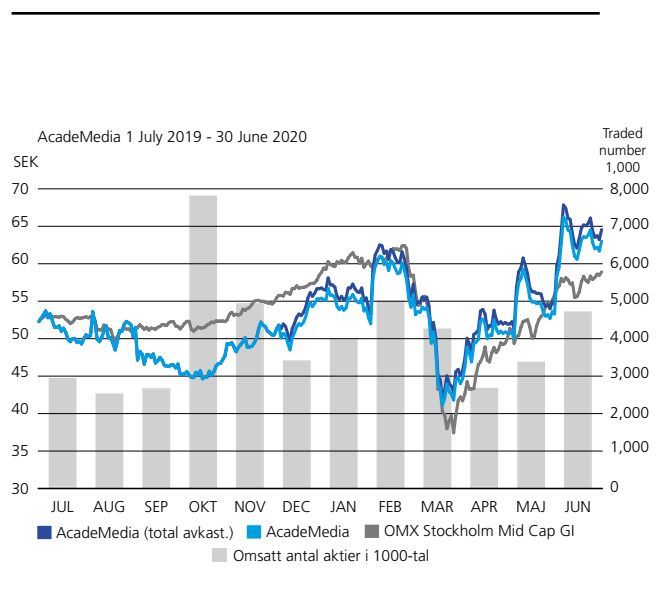
Source: Monitor av Modular Finance AB. Data compiled and processed from Euroclear, Morningstar and the Swedish Financial Inspectorate.

Shareholders per country, as percentage of equity on 30 June 2020



Source: Monitor av Modular Finance AB. Data compiled and processed from Euroclear, Morningstar and the Swedish Financial Inspectorate.

Trend of share price



Shareholder analysis, 30 June 2020

	Number of shares	Holding, %	Share of votes, %
10 largest shareholders	67,038,538	63.5%	63.6%
20 largest shareholders	78,333,310	74.2%	74.4%
30 largest shareholders	84,544,263	80.1%	80.3%

Source: Monitor av Modular Finance AB. Data compiled and processed from Euroclear, Morningstar and the Swedish Financial Inspectorate.

Per-share data

	2019/2020	2018/2019	2017/2018	2016/2017
Equity per share, basic	45.7	43.6	42.6	36.5
Earnings per share, basic	4.09*	4.09	4.30	4.41
Earnings per share, diluted	4.09*	4.09	4.29	4.40
Dividend per share	1.50**	1.25	0	0
Share price on 30 June	64.6	52.3	48.6	56.75
Average number of shares outstanding, basic	105,270,565	105,189,566	100,126,785	94,204,999
Average number of shares outstanding, diluted	105,311,923	105,228,702	100,294,230	94,334,977

* Adjusted for the effects of IFRS 16, earnings per share were SEK 5.21 (4.09), basic and diluted.

** Dividend proposed by the Board of Directors for the 2019/2020 financial year.

Five-year Review

SEK MILLION unless otherwise stated	2019/2020	2019/20, excl. effects of IFRS 16 1	2018/19	2017/18	2016/17	2015/16
PROFIT/LOSS ITEMS, SEK M.						
Net sales	12,271	12,271	11,715	10,810	9,520	8,611
Items affecting comparability	36	36	1	-48	-23	-32
EBITDA	2,486	1,102	931	872	827	722
Depreciation/amortisation	-323	-323	-280	-244	-208	-185
Acquisition-related depreciation/amortisation	-16	-16				
Amortisation of right-of-use assets	-1,175	-	-16	-6	-4	-2
Operating profit/loss (EBIT)	973	763	635	622	615	535
Net financial items	-417	-56	-69	-68	-80	-127
Profit/loss for the period, before tax	556	707	566	555	535	408
Profit/loss for the period after tax	431	549	431	430	416	319
BALANCE SHEET ITEMS, SEK M.						
Non-current assets	15,285	8,070	8,218	7,823	6,574	6,141
Current receivables and inventories	704	971	976	860	695	697
Cash and cash equivalents	528	528	527	699	579	331
Non-current interest-bearing liabilities	1,961	1,961	2,205	2,209	2,200	2,116
Non-current lease liabilities	6,299	-	-	-	-	-
Non-current non-interest-bearing liabilities	207	232	305	135	114	113
Current interest-bearing liabilities	364	364	592	673	516	568
Current liabilities	915	-	-	-	-	-
Current non-interest-bearing liabilities	1,965	2,088	2,030	2,103	1,577	1,382
Equity	4,807	4,925	4,589	4,262	3,443	2,990
Total assets	16,518	9,569	9,720	9,383	7,849	7,169
Capital employed	7,250	7,250	7,386	7,144	6,158	5,674
Net debt	1,797	1,797	2,266	2,179	2,133	2,342
Property-adjusted net debt	1,138	1,138	1,533	1,528	1,550	1,866
KPIS						
Sales, SEK m.	12,271	12,271	11,715	10,810	9,520	8,611
Organic growth incl. minor bolt-on acquisitions, %	5.4%	5.4%	4.4%	5.8%	9.0%	6.4%
Acquired growth, major bolt-on acquisitions, %	-	-	3.2%	7.9%	0.8%	0.4%
Change in exchange rates, %	-0.7%	-0.7%	0.8%	-0.1%	0.8%	-1.3%
Operating margin (EBIT), %	7.9%	6.2%	5.4%	5.8%	6.5%	6.2%
Adjusted EBIT, SEK m.	728	728	634	670	638	567
Adjusted EBIT margin, %	5.9%	5.9%	5.4%	6.2%	6.7%	6.6%
Adjusted EBITDA, SEK m.	1,066	1,066	930	920	850	754
Adjusted EBITDA margin, %	8.7%	9.0%	7.9%	8.5%	8.9%	8.8%
Net margin, %	3.5%	4.5%	3.7%	4.0%	4.4%	3.7%
Return on capital employed, % (12 months)	10.0%	10.0%	8.7%	10.1%	10.9%	10.1%
Return on equity, % (12 months)	11.4%	11.4%	9.7%	11.2%	12.9%	12.1%
Equity/assets ratio, %	51.5%	51.5%	47.2%	45.4%	43.9%	41.7%
Interest coverage ratio, multiple	15.9	15.9	12.5	10.9	9.4	4.8
Net debt/Adjusted EBITDA (12 months)	1.7	1.7	2.4	2.4	2.5	3.1
Adjusted Net Debt/Adjusted EBITDA (12 months)	1.1	1.1	1.6	1.7	1.8	2.5
Free cash flow	2,257	805	356	688	658	394
Cash flow from investing activities	-375	-375	-559	-970	-374	-386
Number of full-time employees	12,686	12,686	12,405	11,863	10,564	9,714

1 Financial statements with application of accounting policies for financial years earlier than 1 July 2019. This means recognition in accordance with IAS 17 Leases, i.e. effects from leases of real estate are recognised as rent and not as finance leases.

Definitions of KPIs are shown on pages 126-127.

Reconciliation of alternative key performance indicators

The table below presents the data from which the alternative key performance indicators used in the report are calculated. See definitions for more information.

RECONCILIATION OF ALTERNATIVE KEY PERFORMANCE INDICATORS

SEK m., unless otherwise stated	2019/2020	2018/19	2017/18	2016/17	2015/16
NET DEBT					
Non-current interest-bearing liabilities	8,260	2,205	2,209	2,200	2,116
+ Current interest-bearing liabilities	1,279	592	673	516	568
- Interest-bearing receivables ³	-	4	4	4	11
- Cash and cash equivalents	528	527	699	579	331
- IFRS 16 Non-current and current lease liabilities ¹	7,214	-	-	-	-
= Net debt excluding effects of IFRS 16 2	1,797	2,266	2,179	2,133	2,342
PROPERTY-ADJUSTED NET DEBT					
Net debt (as described above)	1,797	2,266	2,179	2,133	2,342
- long-term property loans	597	644	603	467	278
- current property loans	62	89	48	116	197
= Property-adjusted net debt, excluding effects of IFRS 16²	1,138	1,533	1,528	1,550	1,866
RETURN ON CAPITAL EMPLOYED %, 12 MONTHS					
Adjusted EBIT (12 months)	728	634	670	638	567
+ Interest income	0	1	2	7	6
divided by					
Average equity (12 months)	4,698	4,426	3,853	3,216	2,647
+ average non-current interest-bearing liabilities (12 months)	5,232	2,207	2,204	2,158	2,363
+ average current interest-bearing liabilities (12 months)	935	632	594	542	641
IFRS 16 average equity ¹	-59	-	-	-	-
- IFRS 16 average non-current and current lease liabilities ¹	3,607	-	-	-	-
= Return on capital employed, excluding effects of IFRS 16², %	10.0%	8.7%	10.1%	10.9%	10.1%
RETURN ON EQUITY %, 12 MONTHS					
Profit/loss after tax (12 months)	431	431	430	416	319
- IFRS 16 profit/loss after tax (12 months) ¹	-117	-	-	-	-
divided by					
Average equity (12 months)	4,698	4,426	3,853	3,216	2,647
- IFRS 16 average equity ¹	-117	-	-	-	-
= Return on equity, excluding effects of IFRS 16², %	11.4%	9.7%	11.2%	12.9%	12.0%
INTEREST COVERAGE RATIO, MULTIPLE					
Adjusted EBIT (12 months)	728	634	670	638	567
+ Interest income (12 months)	0	1	2	7	6
+ Other financial income (12 months)	4	2	4	1	1
divided by					
Interest expense (12 months)	-46	-51	-62	-69	-121
= Interest coverage ratio, multiple	15.9	12.5	10.9	9.4	4.8

1 Amounts relate to adjustments and reclassifications made to reverse the adjustments associated with implementation of the new accounting standard, IFRS 16 Leases, in order to reflect the accounting applied in previous accounting periods (IAS 17).

2 Financial statements with application of accounting policies for financial years earlier than 1 July 2019. This means recognition in accordance with IAS 17 Leases, i.e. effects from leases of real estate are recognised as rent and not as finance leases.

3 Included in Other non-current assets

Definitions of key performance indicators

Implementation of IFRS16 has a major impact on AcadeMedia, in that all leases must be capitalised on the balance sheet as lease assets and liabilities, respectively. Several important key performance indicators have the same definition as previously and are not affected by IFRS

16. AcadeMedia uses prospective application, which means that the previous year's accounts have not been restated. This means that certain key performance indicators such as return on equity and capital employed can only be calculated excluding the effects of IFRS 16.

KPI	DEFINITION	PURPOSE
Number of children/students	Average number of children/students enrolled during the specified period. Adult education participants are not included in the Group's total figures for number of children/students.	The number of children/students is the most important driver for revenue.
Number of education units	Refers to the number of preschools, compulsory schools and/or upper secondary schools operating in the period. Integrated units where preschools and compulsory schools are combined are counted as two units, as they each hold their own permit.	The number of education units indicates how the Company grows over time through new establishments and acquisitions minus discontinued units.
Number of full-time employees	Average number of full-time employees during the period, full-time equivalent (FTE).	The number of employees is the main cost driver for the Company
Return on equity, excluding the effects of IFRS16	Profit/loss for the most recent 12-month period excluding IFRS16, divided by average equity excl. IFRS16 (opening balance + closing balance)/2. This key performance indicator is not affected by IFRS16.	Return on equity is a profitability measure used to place profit (loss) in relation to shareholders' paid-in and earned capital.
Return on capital employed, excl. IFRS16	Adjusted operating profit/loss (EBIT) for the most recent 12-month period plus interest income, divided by average capital employed, excluding effects of IFRS16 (opening balance + closing balance)/2. This key performance indicator is not affected by IFRS16.	Adjusted return on capital employed is a measure of profitability that is used to place adjusted operating profit/loss in relation to the capital needed to run the business, irrespective of type of financing.
EBITDA	Operating profit/loss before amortisation and impairment of non-current assets and right-of-use assets. IFRS16 has a positive impact on this key performance indicator, since rent is excluded.	EBITDA is used to measure profit (loss) from operating activities, irrespective of depreciation/amortisation.
EBITDA margin	EBITDA as a percentage of net sales. IFRS16 has a positive impact on this key performance indicator, since rent is excluded.	EBITDA margin is used to place EBITDA in relation to sales.
Equity, excl. IFRS16	Equity excluding the effects of IFRS16 that arise via profit/loss for the period.	Equity excluding the effects of IFRS16 is used to calculate return on equity on a consistent basis.
Net financial items	Financial income less financial expenses. IFRS16 has a negative impact on this key performance indicator, since interest expense on right-of-use assets is included.	The measure Net financial items is used to illustrate the outcome of the Company's financial activities.
Free cash flow	Cash flow from operating activities after changes in working capital less investments in operating activities. However, investments in operating activities consist of all investments in property, plant and equipment and intangible assets, except buildings and acquisitions. This key performance indicator is not affected by IFRS16.	This measure shows how much cash flow the business generates after the necessary investments have been made. This cash flow can be used for purposes such as expansion, amortisation, or dividends.
Acquired growth	Increase of net sales due to larger acquisitions during the last 12 months.	Indicates growth generated from acquisitions, in contrast to organic growth and currency effects.
Acquisition-related depreciation/amortisation	Depreciation related to assets gained in acquisitions.	Shows the impact of surplus values acquired on depreciation/amortisation. For example, brands and increases of value in properties.
Adjusted EBITDA	Operating profit/loss before amortisation/depreciation of intangible assets and property, plant and equipment, excluding items affecting comparability and excluding the effects of IFRS16. This key performance indicator therefore includes rental costs and is not affected by IFRS16.	Adjusted EBITDA is used to measure the underlying profit from operating activities, excluding depreciation/amortisation and items affecting comparability.
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of net sales. This key performance indicator is not affected by IFRS16.	Adjusted EBIT margin places the underlying operating profit excluding amortisation in relation to sales.
Adjusted net debt	Net debt less property-related debt. This key performance indicator is not affected by IFRS16.	Adjusted net debt shows the portion of loans that finance the business, while property loans are linked to a building asset that can be separated off and sold.
Adjusted net debt/ Adjusted EBITDA	Adjusted net debt divided by adjusted EBITDA for the past 12 months. This key performance indicator is not affected by IFRS16.	Net debt/adjusted EBITDA is a theoretical measure of how many years it would take, with current earnings (adjusted EBITDA), to pay off the Company's liabilities, including property-related loans. It shows the loan-to-value ratio of the business excluding real assets such as real estate.
Adjusted operating profit/loss, EBIT	Operating profit/loss (EBIT) excluding items affecting comparability and excluding the effects of IFRS16. This key performance indicator includes rental costs and is not affected by IFRS16.	Adjusted EBIT is used to get a better picture of the underlying operating profit.
Adjusted EBIT margin	Adjusted EBIT as a percentage of net sales.	Adjusted EBIT margin places underlying operating profit in relation to sales.

KPI	DEFINITION	PURPOSE
Items affecting comparability	Items affecting comparability are income and cost of an irregular nature such as larger (>SEK 5 million) retroactive income related to prior financial years, items related to property such as capital gains on sale, major property damage not covered by buildings insurance, costs of advice relating to larger acquisitions or fundraising, major integration costs resulting from acquisitions or reorganisations according to plan, as well as costs arising from strategic decisions and major restructuring that result in winding up of units.	Items affecting comparability is used to illustrate the profit/loss items that are not included in ongoing operating activities, in order to obtain a clearer picture of the underlying profit trend.
Cash flow from operating activities	Cash flow from operating activities including changes in working capital and before cash flows from investing and financing activities. IFRS16 has a positive impact on this measure, since rental costs are excluded.	Cash flow from operating activities is used as a measure of the cash flow that the Company generates before investments and financing.
Cash flow from investments	Cash flow from investing activities according to the statement of cash flows. This includes investments in and divestments of buildings, acquisitions and investments in property, plant and equipment and intangible assets. Investments financed via leases are not included. This key performance indicator is not affected by IFRS16.	Cash flow from investments is used to regularly measure how much cash is used to maintain operations and for expansion.
Cash flow from financing activities	Cash flow from financing activities according to the statement of cash flows. This includes increase/decrease in loans, interest received/paid, new share issue and dividends IFRS16 has had a negative impact on this figure since interest paid and amortisation of finance lease liability related to right-of-use assets are included.	Cash flow from financing activities is used to
Net debt	Interest-bearing debt (current and non-current), excluding lease liabilities related to right-of-use assets, net of cash and cash equivalents and interest-bearing receivables (current and non-current). This key performance indicator is not affected by IFRS16.	Net debt is used to illustrate the size of the debt less current cash and cash equivalents (which in theory could be used to repay loans).
Net debt/ Adjusted EBITDA	Net debt (closing balance for the period) divided by adjusted EBITDA for the past 12 months. This key performance indicator is not affected by IFRS16.	Net debt/EBITDA is a theoretical measure of how many years it would take, with current earnings (EBITDA), to pay off the Company's liabilities, including property-related loans.
Organic growth including minor bolt-on acquisitions	Increase in net sales, excluding major acquisitions and currency fluctuations.	The Company's growth target is to increase net sales, including minor bolt-on acquisitions, by 5-7 percent per year. The purpose of the key performance indicator is thus to follow up on this target.
Employee turnover	The average number of employees who left the company during the year, in relation to the average number of employees. (Number of permanent and probationary employees who quit) / (Average number of permanent and probationary employees) Calculated on an aggregated basis over the reporting period.	Employee turnover is used to measure the proportion of employees who leave the company and who must be replaced every year.
Earnings per share	Profit/loss for the period in SEK, divided by the average number of shares outstanding, basic/diluted, is calculated according to IAS 33. The key performance indicator is affected by IFRS16 because net profit is affected by elimination of rent and the addition of amortisation and interest expense related to right-of-use assets.	Earnings per share is used to highlight the amount of profit for the period to which each share is entitled.
Earnings per share, excl. IFRS 16	Earnings per share, excluding the effects of IFRS16.	The purpose is to present earnings per share according to the same accounting policies as before the implementation of IFRS 16, in order to provide comparability over time.
Interest coverage ratio, excl. IFRS 16	Adjusted EBIT for the past 12 months plus financial income, in relation to interest expense, excluding interest expense attributable to right-of-use assets. This key performance indicator is not affected by IFRS16.	Interest coverage ratio is used to measure the Company's ability to pay interest costs.
Operating margin (EBIT margin)	Operating profit/loss as a percentage of net sales. In the Group, this measure is affected by IFRS16. However, the EBIT for the segment is not affected.	The operating margin shows the percentage of sales that remain after operating expenses and that can be allocated to other purposes.
Operating profit/loss (EBIT)	Operating profit/loss before net financial items and tax. In the Group, this measure is affected by IFRS16. However, the EBIT for the segment is not affected.	Operating profit/loss (EBIT) is used to measure operating profit before financing and tax.
Absence due to illness	Short-term and long-term absence due to illness recalculated to full-time and divided by the number of full-time employees (FTE). Calculated as an average over the reporting period.	Absence due to illness is used to measure employee absence and provide indications as to employee health.
Equity/assets ratio	EQUITY excluding the effects of IFRS16 in percent of total assets and excluding the effects of IFRS16. This key performance indicator is not affected by IFRS16.	The equity/assets ratio shows the proportion of the Company's total assets that is financed by shareholders' equity. A high equity/assets ratio is an indication of financial strength.
Capital employed, excl. IFRS16	Total assets less non-interest-bearing current liabilities and provisions, adjusted for non-current and current lease liabilities related to right-of-use assets as well as provisions and deferred tax liabilities. Or: Equity plus non-current and current interest-bearing liabilities but excluding non-current and current lease liabilities related to right-of-use assets. This key performance indicator is not affected by IFRS16.	Capital employed indicates how much capital is needed to run the business regardless of type of financing (borrowed or equity). By excluding the effects of IFRS16, continuity can be achieved in the return figure.

Helpful tips

Annual reports are packed with information and few people read them from cover to cover. However, this annual report provides a good summary of AcadeMedia's operations and results, even if you only read parts of it. Here are some helpful tips for people who don't have time to read everything.

For people who want to know all about our business and financial performance

The Administration Report, which begins on page 54, is a good starting point. It provides a brief summary of information such as major events in the past year, our financial position and our quality management initiatives.

For people who want to know all about the numbers

The numbers package begins on page 75. That's where you can learn that AcadeMedia's sales for the year totalled SEK 12,271 million and that the profit for the period was SEK 431 million.

For people who want the shortest summary possible

On page 5 we have "The year in brief" – it doesn't get any shorter than that!

For people who want to gain insight into how we see the future

The two-page message from the CEO on pages 6-7 is a good status update which provides an overview of where we are today and how we view the future. You can read about our strategy and goals on page 8-9. Skip ahead to page 22 for additional information about our markets.

For people who want to know more about our segments

Our four segments – Preschool and Compulsory School, Upper Secondary School, Adult Education and Preschool International – are described on pages 10-21.

For people who want to know more about our work in sustainability

Our sustainability report is provided on pages 26-53.

For people who have a strong interest in quality

Our quality work is described in broad strokes in our sustainability report on pages 34-37 and 52. Would you like to know more about our quality management model and our quality results, we recommend AcadeMedia's Group-wide quality report at www.academedia.se. Simply search for "quality report".

For people with a focus on internal control

The Corporate Governance Report, which starts on page 67, explains how we ensure good internal control and governance.

Choice of words and definitions

Some of the words and expressions commonly used in annual reports, often chosen to meet stock market requirements for clarity and accuracy, seem unnatural to many who work in the education sector. For example, many of us react to the term "customer," which does not seem appropriate, but is used in the "customer and employee satisfaction surveys" we conduct, which are reported both in our annual report and in our annual quality report. Another example is the "market overview" section in the annual report. Referring to preschool, school and adult education as a market is objectionable for many people who work in education.

The word "customer" is another good example of this. The word is difficult to use in school contexts and may need explanation. By "customers," we mean both students and parents/guardians for whom the Swedish State and municipalities – and in fact, the entire community – have given us the mandate that we are working to implement in the best possible way.

An annual report is primarily intended for readers with a particular focus on financial issues. We have therefore decided that in this particular context we will largely adhere to concepts that cannot be misunderstood by them, but that many people in the education sector may find unpalatable.

Questions and orders

Questions from shareholders and investors may be made to IR contact Hanna Clausén, hanna.clausen@academedia.se, (Int.+46) (0)87 94 42 62. Questions about the Sustainability Report may be put to Head of Sustainability Paula Hammerskog, paula.hammerskog@academedia.se, (Int.+46) (0)733 34 87 50. You can sign up to receive financial reports by registering on www.academedia.se, go to investors-financial information-reports and presentations.

We hope you enjoy reading our report!

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